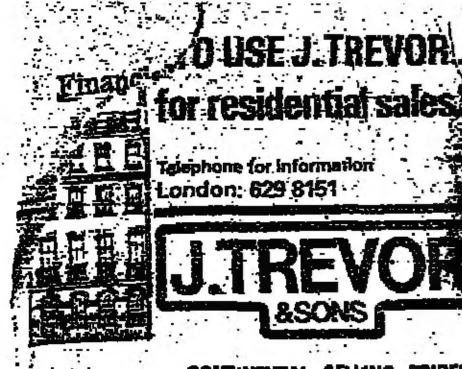

FINANCIAL TIMES

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NEWS SUMMARY

GENERAL

Dan-Air aircraft in sea: 30 saved

Thirty of the 49 people aboard survived when a twin-engined Dan-Air aircraft on charter to Shell crashed into the sea on take-off from Sumburgh Airport, Shetland.

Lifeboats, coastguard vessels and helicopters joined rescue efforts after the piston-engined Hawker-Siddeley 748 bound for Aberdeen aborted its take-off and crashed into shallow water off Virkie Voe.

Rescuers desperately tried to to attach lines to the aircraft's tail as it floated nose-down about 50 yards from the end of the runway.

Some survivors managed to swim ashore and others were picked up. One local hospital treated 24 survivors, most suffering from the effects of cold and shocks. Divers scoured the crash scene for bodies.

Councils must cut £600m more

The Government told local authorities to cut planned current spending in 1980-81 by over £600m—making savings of 5 per cent. It represents a one per cent spending cut on top of the 3 per cent reduction councils have already been asked to make in the present year.

Social Services Secretary Patrick Jenkin will today announce how he will deal with the South London health authority which has refused to cut spending by about £5m to keep within Government cash limits. **Back Page**

Thatcher talks

The Prime Minister began delicate informal talks in Lusaka with key African leaders before Friday's Commonwealth conference discussion of the Rhodesia issue. In Salisbury the Rev. Ndabaningi Sithole announced that his ZANU party was ending its boycott of Parliament. **Back Page**

Carter plea

President Carter called for quick action from Congress to help the U.S. use more of its vast reserves of coal and to reduce oil imports. Coal output had to be increased by about 350m tons within 11 years, he said.

Crash ruling

A chain of "unfortunate events" led to the head-on collision of two trains near Leeds in 1977, killing both drivers, a Transport Department report said. The events followed the fitting of an emergency generator to a signal box because of threatened industrial action by electricity workers.

Ulster killing

A plain clothes policeman, George Walsh, 50, was shot dead as he waited in an unmarked car outside a courthouse in Armagh, Northern Ireland.

DC-10 evidence

An aircraft mechanic told the Chicago inquiry into May's DC-10 crash that he saw no crack on the engine mounting of the American Airlines jet when the engine was replaced after maintenance last March.

Scientist wins

Atomic scientist Sir Rudolf Peierls was awarded substantial libel damages in the High Court over allegations in a book by Richard Deacon that he was suspected of being a Russian spy.

Briefly . . .

Detectives from four U.S. states questioned a man who claims to have killed 20 people since being freed from prison 13 months ago.

August long-range weather forecast is for warm, dry periods with wet interludes and above-average temperatures. **Weather, Back Page**

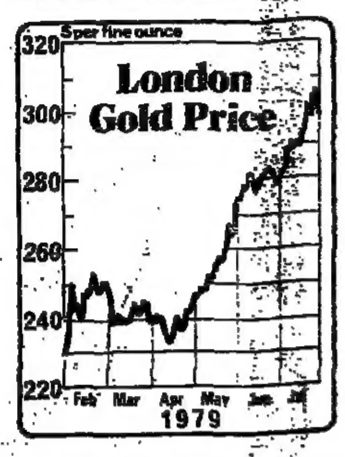
BUSINESS

Equities up 3.2; Gold falls $2¼

● **EQUITIES:** The FT 30-share index gained 3.2 to 4..2 in sluggish trading.

● **GILTS** eased in sympathy with sterling's weakness and the Government Securities index finished 0.24 down at 72.24.

● **GOLD** closed $2¼ an ounce down in London at $298¼.



● **STERLING** fell 6.55 cents against the dollar to $2.2480 and its trade-weighted index dropped to 72.1 (73.8). **DOLLAR'S** trade-weighted index rose to 84.6 from 84.3.

● **WALL STREET** before the close was up 6.23 at 844.97.

● **HARLAND AND WOLFF**, the Belfast shipbuilders, has notified shop stewards of proposals for 630 redundancies in mid-autumn. **Back Page**

● **DOCKERS** at Aberdeen refused a union request to stop handling food containers for many North Sea oil rigs and platforms. **Back Page**

● **LONDON'S** four main auction houses had record sales last season with combined net figures of £330.6m against £285.9m in 1977-78—a rise of 15.8 per cent. **Page 5**

● **GENERAL MOTORS** of the U.S. has injected a further £10m into its UK subsidiary by way of low-interest, long-term loans. **Page 8**

● **AMALGAMATED** Union of Engineering Workers said some employers had already conceded in full the pay and conditions claim on which industrial action began this week. **Page 9**

● **DEPARTMENT OF TRADE** inspectors inquiring into the affairs of Ashbourne Investments and the ownership of the company have censured the conduct of four men. **Page 5**

● **MANPOWER SERVICES** Commission criticises private sector employers, particularly in manufacturing, for failing to participate fully in work experience schemes. **Page 9**

● **FEDERAL RESERVE** Bank of New York urged the Carter Administration to take advantage of the economic slowdown to work towards the restoration of price stability.

COMPANIES

● **LEX SERVICE GROUP**, the motor distribution, plant hire and hotel concern, increased taxable profit by 42 per cent to £11.89m in the first half of 1979 on sales of £257m (£199m). **Page 18**

● **GRINDLAYS HOLDINGS'** taxable profits fell from £19m to £16.2m in the half year to June 30 following the effect of sterling's strength on Grindlays Bank, the main subsidiary. **Page 18**

● **TAYLOR WOODROW**, builder and civil engineer, report pre-tax profits down from £8.09m to £7.66m in the half year to June 30 on turnover up £3m at £196m. **Page 18 and Lex, Back Page**

● **THORN ELECTRICAL** Industries does not foresee a dramatic short-term improvement in profit levels. **Chairman's report, Page 20 and Lex, Back Page.**

All BP interests in Nigeria to be nationalised today

BY MARK WEBSTER IN LAGOS

Nigeria is to nationalise all British Petroleum interests in the country from today in retaliation for BP's decision to sell crude oil to South Africa.

The Federal Military Government said yesterday that BP would lose its remaining equity entitlement to about 280,000 barrels a day and that its staff not on contracts with the Nigerian National Petroleum Corporation must leave the country before August 31.

The action follows BP's recent decision to ship crude oil to South Africa in order to ease the country's supply position following its loss of shipments from Iran.

Most members of the Organisation of Petroleum Exporting Countries have banned shipments to South Africa; Nigeria has been one of the leading proponents of the embargo.

BP said last night that all the embargoes had been "very strictly observed." The company was exporting neither embargoed crude nor North Sea oil to South Africa.

However, the Nigerian Government statement issued yesterday said that BP's intention to sell non-embargoed crude to South Africa in a swap arrangement using North Sea oil was a mere "subterfuge" for making Nigerian oil available to Pretoria.

BP had been given Government permission to increase North Sea oil deliveries to EEC countries to release oil from non-embargoed countries for its South African customers.

The nationalisation is seen in BP's headquarters to be part of a move against the British Government's support for the South African shipment.

In Lagos, it is also being seen as the latest in a series of moves designed to put pressure on Britain over its policy towards Zimbabwe Rhodesia on the eve of the Commonwealth conference in Lusaka.

Commonwealth Conference feature, Page 16
BP move increases gloom, Back Page

The Nigerian decision is a big blow to BP. The company was expected to lift 12m tonnes of Nigerian crude this year—about 8 to 10 per cent of its total supplies. Most of its Nigerian shipments have been going into European markets.

The company has already cut deliveries to third party customers to only 22 per cent in August, compared with 35 per cent in July.

The decision affects BP's remaining 20 per cent equity holding in a joint venture company with the Nigerian National Petroleum Corporation called Shell-BP and its 40 per cent *equity stake in the marketing* company BP (Nigeria).

Compensation for the takeover would be worked out on the basis of previous equity participation and paid very soon, according to the Nigerian statement.

Shell-BP produces more than half of the total Nigerian output which is now running at a record 2.4m barrels a day.

Because of a recent increase in the Government equity participation in all the operating companies in Nigeria, Shell-BP now have only 40 per cent of the equity between them. At the same time Shell still buys back about 100,000 b/d from the NNPC.

BP lost its buy-back entitlement at the time of the Kulu incident when a ship indirectly owned by South Africans was used to collect crude from a Nigerian port.

It is not clear how the Nigerian move will affect Shell, which already provides nearly all the staff for the operations of Shell-BP. But in a statement apparently designed to reassure

Continued on Back Page

UK oil output adequate for month

By Ray Dafter, Energy Editor

BRITAIN APPEARS to have become self-sufficient in oil for the first time, if only for one month.

Production from the first 12 oilfields in the UK sector of the North Sea reached a monthly peak of 6.97m tonnes in June, the equivalent of 1.74m barrels a day.

The Energy Department said yesterday that output rose by over 6 per cent compared with the previous month and by 56 *per cent in June, 1978.*

Consumption figures for June are still not known. But stockbrokers Wood, Mackenzie report that given the seasonal weakness in demand it was likely that the country attained net self-sufficiency on a monthly basis. Britain's oil requirement averaged about 1.67m b/d during June and July last year.

Enviable

On an annual basis, the UK has some way to go before it achieves the enviable position of being a net exporter. The Energy Department said that average consumption was running at about 8m tonnes a *month, or 1.95 barrels a day.*

Two main contributors to Britain's increased production in June were the Chevron Group's Ninian Field and the *Mobil* consortium's Beryl discovery. Ninian's output rose from 180,000 barrels a day in May to 225,000 b/d in June, according to Wood, Mackenzie, while Beryl's production was increased from 80,000 b/d to 115,000 b/d.

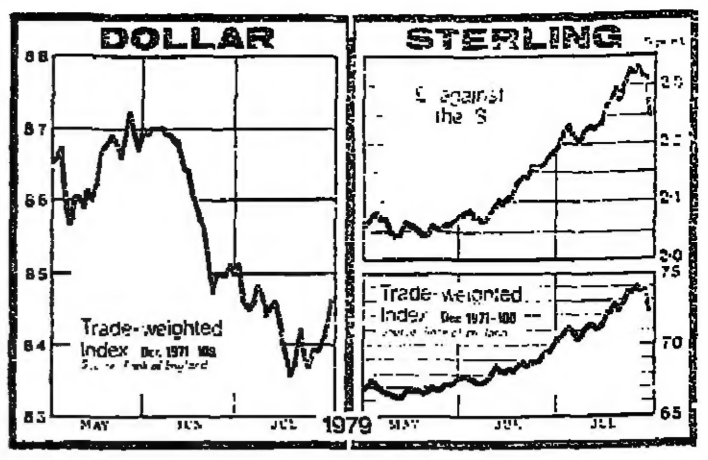
Spending up

Britain's spending on energy reached a record £17bn last year, about £1bn more than in 1977, according to another Department of Energy report* published yesterday. The total energy bill represented an average of £6 a week for every man, woman and child in the country.

However, the amount of *energy consumed rose* by only 0.5 per cent when measured on a primary fuel basis. The consumption in 1978 was the equivalent of 340m tonnes of coal.

Manufacturing industries slightly increased their output but managed to use about 1.5 per cent less fuel than in 1977. Public sector consumption was down by 1 per cent. But fuels used in air and road transport rose by 8 and 5 per cent respectively.

"Digest of United Kingdom Energy Statistics 1979." SO, £6.



Sterling fall cancels gains of fortnight

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

STERLING dropped sharply against all major currencies yesterday — ending the almost unbroken daily rise in the seven weeks since the Budget.

The trade-weighted index, measuring the value of sterling against a basket of other currencies, dropped by 2.3 per cent, while the pound fell by 6.55 cents against the dollar to $2.2480. This is the largest decline in a day since early January 1978.

The fall only cancels out the sharp gains of the last fortnight, *leaving the pound around its* levels of mid-July.

The reversal was sudden, though dealers said they were not surprised that the reaction had been dramatic in view of the extent and speed of the recent rise.

The authorities are likely to be relieved by the shake-out though it may only represent a temporary hiccup.

Selling first developed overnight in New York and Chicago after comments by Mr. Paul Volcker, the chairman designate of the U.S. Federal Reserve Board, about the priority of fighting inflation.

Consequently the rate was below $2.30 when markets opened in Europe and conditions were generally nervous with business all one-way. Selling was renewed when U.S. markets opened in the early afternoon and the rate closed near its lowest levels.

Pressure

After the initial drop a lot of *the pressure reflected hurried* closing of speculative positions in favour of sterling and against the dollar built up over the past month. In addition there may have been some buying of dollars for end of the month oil payments.

The Bank of England appears to have intervened on a small scale to smooth fluctuations at *lower levels, in line with its* policy when the rate was rising.

The trade-weighted index fell from 73.8 to 72.1 yesterday. This compares with a peak of 74 last Thursday which was nearly a tenth higher than before the Budget speech.

The decline was much more than a response to a slightly stronger dollar and the pound fell from DM 4.24½ to DM 4.12¾ and from FFr 9.83½ to FFr 9.57. But this is still above the levels ruling until mid-July.

Weakness

The weakness of sterling further depressed the gilt-edged market though buyers appeared *when prices of long-dated stock* fell by half a point. Closing losses were about ½. The long tap closed at £13½ compared with a partly paid issue price of £15 a week ago.

The dollar made small gains with only limited official support. It rose from DM 1.8... to DM 1.83.. compared with a day's high of DM 1.8430. Its trade-weighted index, as calculated by the Bank of England, rose by 0.3 points to 84.6.

The sharp rise in the pound up to yesterday had been the result both of the market's view of Britain's favoured position as an oil producer at a time of rising oil prices and of relatively high UK interest rates. *But there has been increasing* concern about the erosion of the competitive position of British industry. In the last few days several economic forecasters have projected a decline in the exchange rate.

£ in New York

—	July 30	Previous
Spot	$2.2850-2930	$2.3215-3270
1 month	0.82-0.78 dis	0.56-0.52 dis
3 months	2.05-1.95 dis	1.69-1.65 dis
12 months	5.44-5.30 dis	4.50-4.30 dis

CBI forecasts industrial decline in coming year

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A GRADUAL decline in industrial activity over the next year was forecast yesterday by the Confederation of British Industry, with falling levels of orders, exports, profitability and investment.

This emerged from the CBI's quarterly industrial trends survey, showing that the increased industrial activity of the past few months has been temporary, and due mainly to a recovery of business after last winter's strikes.

The CBI forecasts the rate of return on capital employed will fall to 3 per cent at most this year and will drop even lower next year. This prospect will be discussed by the National Economic Development Council today which will also be warned by the CBI that there may be a downturn in investment.

Yesterday's survey showed that business confidence and investment intentions are weakening. Sir Ray Pennock, chairman of the CBI's economic situation committee and a deputy chairman of ICI, stressed that this did not mean that industry had lost confidence in the Government.

Sir Ray, who is to become CBI president next year, said: "In this lack of confidence for the future, we would be wrong to indicate that there is anything alarming. It is more a question of caution—and that is reflected in the investment situation." Sir Ray said.

He added that the CBI wanted the Government to remove the remaining exchange controls on foreign investment, and cut interest rates when it considered it right to do so.

But the Government is unlikely to come under any great immediate pressure on interest rates, even though the issue may be raised at today's NEDC meeting.

"If we tried to force the rates down faster than the Government felt it right, we would be in a greater mess. The rates should come down as soon as is consistent with a firm monetary policy."

Industry would have to "learn to become more efficient" so as to survive with the present policies.

The impact on exports of the recent rise in the pound is stressed in the survey, which is

Continued on Back Page
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Men & Matters, Page 16

Chrysler record 3-month loss

BY JOHN WYLES IN NEW YORK

THE U.S. Treasury was driven yesterday to express concern about the outlook for Chrysler Corporation after the struggling motor company reported a second quarter loss of $207.1m, the highest three-month deficit in its history and greater than its entire losses last year.

The Treasury's statement was undoubtedly prompted by the need to dispel fears that it is *doing nothing* to stop the country's third largest car and truck producer from sinking into deeper trouble. In their analysis of the difficulties, Mr. John Riccardo, Chrysler's chairman, and Mr. Lee Iacocca president, yesterday called on the Government to take "prompt remedial action."

Chrysler has been urging the Government *for several months* to give it relief from fuel and emission regulations. It claims these impose unfair strains on its financial and other resources because it is substantially smaller than its two rivals, General Motors and Ford Motor Company. Chrysler also wants special tax relief and access to Federal loan guarantees.

The Treasury said that it had joined the *Federal Reserve* Board on a study of Chrysler's financial records and operations. When this was completed, the Administration would be able "expeditiously to address Chrysler's proposals for assistance."

In the meantime, the Treasury was concerned about Chrysler's financial situation *and its "possible* impact on the overall economy" and on the company's employees and suppliers.

Mr. Riccardo and Mr. Iacocca claimed that the company was "stretched to the limit" by the task of meeting the regulations, and said that Chrysler had been plunged into a sharper crisis by the "energy induced" decline in U.S. car and truck sales.

During the second quarter, the company's U.S. retail car sales fell 20.75 per cent on the same period last year. This was mild compared with the 57.5 per cent plunge in truck sales.

Chrysler's worldwide dollar sales fell from $3.7bn to $3.2bn. A profit of $30.5m last year was transformed into a $207.1m loss. Chrysler lost $205m last year, and analysts estimate that its 1979 deficit will easily exceed $500m. The loss for the first six months totals $260.9m ($4.26 per common share), compared with a loss of $89.3m ($1.47 per common share).

Working capital fell from $1.145bn at the end of last year's second three months to $800m, and cash and securities was $424m down at $252m. Shareholders funds equalled $36.65 per common share compared with $45.50.

Lex, Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Acrow A	50	+ 5
Anchor Chemical	68	+ 4
Automated Security	163	+ 7
BAT Inds.	271	+ 6
Boots	152	+ 5
Furnett Hallamshr.	490	+ 25
Cape Industries	202	+ 5
ERF	105	+ 4
Hawker Siddeley	186	+ 6
Hillards	340	+ 10
ICI	321	+ 5
ICL	435	+ 10
Metal Closures	121	+ 10
Midland Bank	346	+ 6
Restmor	89	+ 7
Sirdar	95	+ 4
Stavert Zigomala	72	+ 6
Stylo Shoes	176	+ 8
Sunley (B.)	402	+ 13
Taylor Woodrow	352	+ 6
Trusthouse Forte	137	+ 5
Vantona	118	+ 4
Ashton Mining	66	+ 6
Conzinc Riotinto	188	+ 10
Northern Mining	66	+ 7
Stirling Petroleum	15	+ 5

FALLS

Treas. 11¾pc 2003-07 (£15 pd.)	£13¼	− ½
Abercom	93	− 4
Cableform	66	− 8
Grindlays Bank	101	− 6
Lindustries	115	− 10
Telephone Rentals	185	− 6

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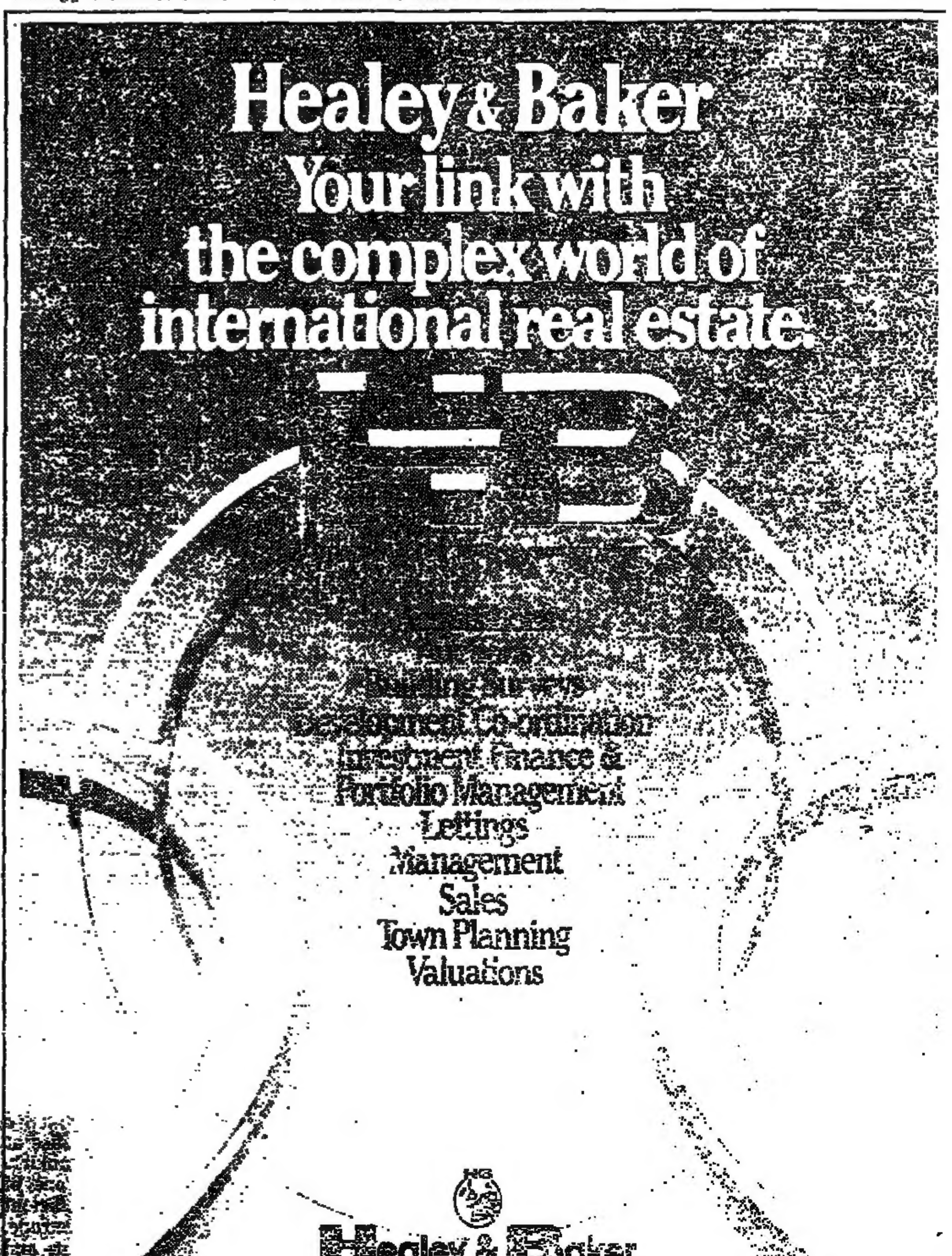
For latest Share Index phone 01-246 8026



Soviet raps officials over mine deaths

By David Satter in Moscow

THREE MANAGERS of the Dzhezkazgan coppermines in Soviet Kazakhstan were reprimanded and other mine officials were tried and sentenced in connection with violations of safety regulations that led to the accidental deaths of three miners, the Soviet newspaper Trud reported.

Details of the negligence at one of the country's biggest coppermines bear a striking resemblance to allegations of inadequate safety procedures in the Donetsk coalmines, made by an unofficial workers' group, which was suppressed by the Soviet authorities recently.

Trud said that Mr. V. Gurbu, director of the Dzhezkazgan Copper Combine, Mr. D. Eshpanova, chief engineer, and Mr. V. Kostyunchenko, director of the Vostochny pit, were reprimanded and several junior officials sentenced after an accident at the Vostochny pit when the doors of a lift cage broke open and three men fell to their deaths.

The trade union daily said that the men were ordered to report to work on Sunday to clear a backlog in ore extraction caused by a period when the mine was under repair. Some 31 miners crowded into the lift cage, which was intended to hold only 20.

Trud said the mine officials tried to conceal the nature of the accident by pressuring miners to lie to investigators about the number of men in the cage.

The newspaper said that last year there were almost 5,000 violations of the safety rules at the Dzhezkazgan mines and that on more than 1,500 occasions it was necessary to suspend work.

Similar allegations about conditions in the Donetsk coalmines were made to Western correspondents last year by a group of unemployed workers.

Mr. Vladimir Klebanov, leader of the group, said that excess overtime in the mines led to accidents which resulted in 12 to 15 deaths a year and 700 injuries.

These and other allegations were documented for western correspondents by the workers who said they suffered persecution when they tried to raise these matters

IFO WARNS AGAINST RESTRICTIVE POLICIES

Germany faces slower 1980 growth

BY ROGER BOYES IN BONN

WEST GERMANY, digesting the effects of the oil crisis, faces the prospect of much slower growth and higher unemployment in 1980, although inflation may fall slightly, according to the latest report from IFO, the Munich-based research institute.

The upswing in the economy is however expected to continue this year and a growth rate of 3.5 to 4 per cent is forecast by the institute for 1979. But because of the oil price rises, disposable income is likely to fall in the coming year, while European and American demand for German products (IFO is reckoning with a recession in the U.S. in 1980) will also weaken. Combined with the tight monetary policies being pursued by the Bundesbank, these factors are likely to push down the growth rate to between 2 and 2.5 per cent in 1980.

This in turn is expected to increase unemployment with the number of jobless reaching 950,000 in 1980, compared with an anticipated 880,000 in 1979.

IFO's forecasts are based on the assumption that most German unions will not demand supplementary wage increases to compensate for the effects of the OPEC price rises. If the unions do demand extra "oil" money, and if the Central Bank tries to prevent an inflationary spiral by intensifying its restrictive policies, then a recession would be inevitable, IFO concludes. The institute stresses that the Central Bank should stagger any further restrictive measures over a long period.

There is still a real possibility that the German trade unions will demand supplementary increases—or at least incorporate an "oil" component in their next wage round. Although the leadership of the powerful metalworkers' union, IG-Metall, recently rejected such demands from its Baden-Wuerttemberg regional organisation, it is by no means certain that the grass roots membership will accept this decision.

IFO, and indeed the unions, appear to believe that much will depend on the future behaviour of the oil companies. IFO does not expect, for example, multinational companies to invest the bulk of their (substantially increased) profits in Germany. The companies have also been accused of unjustifiably raising their prices. The Federal Cartel Office last week expressed disbelief that the companies price rises were fully justified by the high OPEC increase. Deutsche BP, however, yesterday called on the Office to re-examine the evidence.

IFO considers that the main effects of the higher oil costs on overall German price levels will be felt in the second half of this year, and will not make a major impact on the 1980 inflation rate. If there are no further rises in the price of crude this year, then inflation could well be kept down to 4 per cent next year, marginally below the anticipated rate for this year.

The institute is, none the less adamant that there should be no major public spending cutbacks in 1980 and that indeed extra funds should be channelled into the alternative energy field.

The mixed—and far from bleak—outlook presented by the institute is also reflected in the level of business confidence. In its June survey of business opinion, IFO found that manufacturing industry was expecting slightly tougher times ahead in the next six months, mainly because of the higher supplier prices. Orders however, were up in June as was capacity utilisation.

German building contractors are continuing to report good business, IFO found, despite signs that the construction sector might be cooling down. Some 45 per cent of the respondents in IFO's survey said that they had difficulties in fulfilling orders because of a shortage of skilled labour. Capacity utilisation was unusually high at a seasonally adjusted 70 per cent.

Widespread discontent over NATO radar deal

BY OUR BONN STAFF

THE West German opposition has threatened that it will try to block funds set aside for the purchase of the controversial Boeing AWACS early warning radar aircraft unless Washington speeds up its offset orders with German industry.

The $1.8bn deal on the Boeing aircraft, known as the Airborne Warning and Control System, was reached last year after much haggling among the NATO partners. The U.S. and West Germany eventually agreed to pay almost two-thirds of the total price. But in return for its 30.7 per cent participation, Bonn was promised among other things, that the U.S. would place orders for a new telephone system for its forces in Germany and would buy some 9,000 motor vehicles from German companies.

This offset package has been formally agreed by Herr Hans Apel, the German Defence Minister and his U.S. counterpart, Mr. Harold Brown. However, Congress has still not approved the compensatory aspect of the scheme.

Herr Carl Damm, Christian Democratic deputy and member of the Bundestag's defence committee, has now threatened that the opposition parties will not release the DM 100.4m (£24m) allocated for the scheme by 1980 unless some movement is made on the U.S. orders.

The effect would be to freeze the whole AWACS programme, which includes the eventual purchase of 18 aircraft by the NATO partners. Herr Damm has conceded that the Opposition does not want to sabotage the scheme but intends the move as a warning to the U.S. It certainly reflects widespread German discontent with the progress of the deal and it is believed that the Government may discreetly welcome it.

So far, the U.S. has placed only DM 3.1m-worth of orders with Volkswagen (for 282 vehicles) compared with the DM 211m it has promised to place with German motor manufacturers. The DM 190m agreement on the telephone system has also still not been made.

Terry Kirk

Boeing's AWACS at the Paris airshow.

The offset deal played an important part in persuading the Germans to take on its DM 1.18bn share of the AWACS project. However, doubts persist, especially about the overall costs, including spares, training, support and operation. The cancellation by Iran of seven AWACS aircraft has also increased overheads and unit costs for Boeing, which has had to correspondingly shorten its production line.

Sharp rise in Belgian inflation expected

By Giles Merritt in Brussels

A DANGEROUS surge in Belgium's inflation rate, carrying the threat of a cut in the country's vital export trade, has been disclosed in the Belgian Government's proposed 1980 Budget.

Details of the "austerity" Budget aimed at cutting the level of State borrowing next year have made it clear that a 6 per cent inflation rate is now expected for 1980.

Real GNP growth for next year is being calculated at about 2.34 per cent—somewhat lower than the expected 1979 figure of rather more than 3 per cent—while the overall increase in the Belgian economy will be 8.54 per cent.

Outlining the 1980 Budget, Belgian Cabinet Ministers have stressed that the package is intended to be a tough reversal of the country's growing dependence on State borrowing with the need to bolster the Belgian franc against further speculation as one of the primary considerations.

Next year, the Government borrowing requirement is to be reduced to BFr 231.7bn (£3.4bn), or 6.5 per cent of GNP, from the 1979 level of BFr230bn, or 7 per cent of GNP.

The 1980 Budget deficit is being reduced to BFr 82.2bn from this year's level of about BFr 100bn, with reduced social services spending being complemented by measures increasing taxation on the motorist. An increase in petrol excise is being accompanied by a levy on motorway users.

The underlying problem spotlighted by the 1980 Budget is likely to be Belgium's continued competitiveness in her major export markets of West Germany and Holland, and the resilience of the Belgian franc.

The Belgian Government's calculation that the inflation rate of about 4.5 per cent for 1979 will next year rise to 6 per cent, coincides with West German forecasts of a 1980 inflation rate that will have slowed to just over 4 per cent.

During 1978, as part of its successful policy of pegging its inflation rate close to that of the *Deutschemark*, Belgium reduces inflation to 3.7 per cent.

Earlier this summer, the Belgian franc was subjected to a series of speculative raids, on the foreign exchange market, with selling largely prompted by fears that snowballing State borrowing was depriving Belgian industry of access to the domestic capital market, thus constricting growth.

The fear of a determined run on the Belgian franc has apparently been uppermost in the Belgian Government's mind.

Big drop likely in Italy's current account surplus

BY PAUL BETTS IN ROME

THERE ARE signs that Italy's substantial current account payments surplus could shortly come under pressure as a result of rising oil prices and a deterioration in the terms of trade. Last year's current account surplus of over L5,000bn (£2.64bn) is likely to be more than halved, on present trends.

Italy is estimated to have to pay L4,000bn more for oil during the next 12 months. Experts appear to have been hit by flagging world demand, uncertainties over future domestic consumption and the protracted industrial unrest during the recent renegotiation of a series of national labour contracts.

Moreover, inflation is continuing to accelerate and latest estimates indicate that the annual rate could reach 18 per cent at the end of the year, compared with an original target of about 12 per cent.

According to the national economics institute, ISCO, there are also indications that the strong recovery of industrial production at the end of last year and in the first months of this year is beginning to flag.

None the less, overall growth is expected to increase this year by 4-5 per cent. There is likely to be a turnaround next year, however, when some economists believe growth may drop to 2 per cent.

Spain adopts 1980s energy plan

BY DAVID GARDNER IN MADRID

THE SPANISH Parliament has at last approved the National Energy Plan for 1977-87, after more than a year's hesitation over nuclear power. By a 40-vote majority in the Cortes, the Government has approved seven new nuclear power plants already under construction, and three or four plants out of eight with outline approval.

Spain already has three nuclear plants working, and the new ones will boost nuclear generated energy production to around 11,000 MW by 1987. Expected Communist and Socialist opposition to a programme which will eventually mean that some 15 per cent of the country's energy is nuclear-based, has been blunted by the recent OPEC price rises.

The NEP, in which strong emphasis has been put on the need to reduce wasteful energy consumption, contains estimates that energy demand will rise to 145m metric tonnes coal equivalent by 1987. A new development is that the Government will be empowered both to revise this projection, and to authorise new nuclear plants.

The central goal of the plan is to reduce Spain's dependence on imported fossil fuels for nearly 70 per cent of its primary energy needs. To do this, the plan aims to double coal production during the life of the plan; raise the contribution of natural gas to energy consumption from the present 2 per cent to 7 per cent by pressing ahead with an Algerian-Spanish gas pipeline; and to encourage, through financial and fiscal incentives, energy saving, research into new forms of energy, and exploration for energy-producing raw materials particularly uranium.

The plan also provides for the rebuilding of strategic stocks of oil and derivatives, coal and uranium. Oil stocks in particular were badly depleted in the wake of the Iranian revolution, while the pressure of maintaining supplies of aviation fuel and petrol for Spain's valuable tourist traffic has forced the Government to buy more than 1m tonnes at spot market prices.

Approval of the plan will give an immediate bost to the construction and capital goods industries, which claim that contracts worth more than $800m have been blocked by the 18-month delay.

Turkish payments

ANKARA—Turkey will resume foreign exchange transfers for import payments tomorrow after a virtual halt since early 1977, the Governor of the Central Bank announced on Tuesday.

Mr. Ismail Hakki Aydinoglu said that $195m had been earmarked to buy iron, steel, chemicals and machine parts over the next two months.

Turkey, suffering its worst economic crisis and foreign currency shortage in decades, has limited its imports to oil and a few other vital items for more than two years.

Terry Dodsworth reports on the prospects of success for Usinor and Sacilor

Unions yield: now it is up to management

THE FRENCH steel-making unions finally threw in the sponge last week and accepted the draconian Government backed plans for restructuring the industry.

Their decision, sweetened by big redundancy payments which will knock a hole in the French Government's budget provisions this year, removed the most important obstacle to the steel companies' return to financial sanity.

After six months of ferocious argument, the steel barons can at last see their way to achieving the kind of productivity improvements they want.

The spotlight now shifts to the steel companies themselves, Usinor and Sacilor-Sollac. These two groups, the most heavily indebted in the world before the Government bailed them out a year ago, have put their heads on the block with the promise to be back in profit by 1981.

This is a bold commitment, which they aim to fulfil in the following manner:

- Their financial base is being cleaned up by a new capital structure and a deferment of loan repayments.
- Under the redundancy proposals, some 21,000 of the 130,000 workforce will be axed.
- Marginal plants will be closed down, and resources concentrated on fewer, more modern facilities.
- Effective capacity will be reduced, from about 32m to 24m tonnes of steel a year, in the hope that what remains can be run at closer to optimium level.
- They will seek to alter the balance of their output towards more specific, tailor-made products.

The first hurdle in this programme has already been cleared with the Government's re-financing package for the industry.

The second is at least half-surmounted, following the unions' agreement on the two-year redundancy plan. The rest will have to be taken as the investment plan gets under way.

What will emerge at the end of the investment process will be a leaner industry concentrated in the hands of the two bulk steel producers.

Some analysts in the industry consider that the Government should have gone the whole hog and thrown these two companies together. But quite apart from the managerial aspects of keeping smaller units, the present pattern of production presents a fairly rational solution to the problem of manufacturing economies.

Sacilor-Sollac, the result of an earlier merger, is almost entirely based in the Moselle region of Lorraine; Usinor's main production facility is now at its big, modern steel-making complex at Dunkirk. The country has only one other big centre, at Fos, near Marseilles, at a modern complex owned jointly by the two steel companies.

These three geographical zones will provide the main poles on which the industry of the future will be concentrated. To reach this target, the companies are applying the classic remedies—trimming overheads, introducing competitive technology, and getting rid of the remote, out-dated plants which owe their existence only to worked-out ore deposits.

This programme will in some ways be more difficult for Usinor than Sacilor. The former's problem is that its older manufacturing complexes in the North around the Valenciennes and in west Lorraine at Longwy, are in relatively isolated locations.

It was the decline of the coal and iron ore industries in these areas which forced the company out into the coastal development at Dunkirk. *Most of what is left of the traditional plants has become uncompetitive.* Thus the axe is falling savagely in these areas.

Both the Valenciennes region and Longwy will lose about 5,000 jobs in the next two years, and steel-making will virtually come to an end.

What is being kept at both these sites are the rolling facilities, mainly because the expensive investment in these plants has already been made.

The overall effect of Usinor's moves will be to emphasise the concentration of its productive capacity, which will stabilise at about 11m tonnes, on Dunkirk. This is reckoned to be one of the most modern and efficient steel works in Western Europe, importing ore, working it, and producting mainly flat products at the end.

It will also be used to supply Denain's hot strip rolling mill.

Sacilor has a more solid base in its traditional steel-making area because the Lorraine iron ore deposits which it owns are reckoned to have another 40 years of life at current rates of extraction.

But manufacturing can still only continue at considerable cost. Some 8,500 jobs will go in this area, from a swingeing cutback programme which includes the closure of 14 steel works, 14 roughing mills and 35 finishing mills.

About FFr 1bn (about £100m) a year is currently being spent in modernising what is left. The company will emerge with integrated facilities (cokeries, steel works and mills), which rationalise the output of long products (billets, beams, etc.) in one small river valley, and slats (plate, etc.), in another.

Total output in the area will be reduced to 6.5m tonnes from about 9m tonnes in 1974.

The third main production area is at Fos—the coastal works conceived by Sacilor-Solac to use higher quality foreign ore—but now run by Solmer, a co-operative organisation owned jointly by Sacilor and Usinor.

This was designed as an integrated works with a potential capacity of 7m tonnes of rolled products a year, but, at the moment, its steel-making capacity is limited to 3.5m tonnes. These constraints forced on the project because of the slump, have undermined the profitability of Fos. Nevertheless, it is now believed to be running on the right side of break-even.

Some analysts consider that the Government should have gone the whole hog and merged Usinor and Sacilor, but the existing pattern of production presents a fairly rational solution to the problems of manufacturing economies.

Most observers accept that these sweeping plans for the French industry will give it a fighting chance of meeting its financial targets in the early 1980s.

It will be helped towards this objective by the decision of the Government to free steel prices, which have been controlled for the last 20 years and depressed well below world and West European levels during the 1970s. French prices are now edging closer to the European levels, and the steel companies say they will be happy with another 1 or 2 per cent increase.

However, doubts remain about whether the French groups have the long-term flexibility and range of products essential for healthy survival.

The main change in the industry has been—and continues to be—the push towards flat, as opposed to long, products, based on the long-term forecast of continuing growth in the steel plate-using sectors, such as the vehicle and consumer durable industries.

Usinor is calculated to have at least 80 per cent of its production in this area already. Sacilor's objective is to move towards a 60-40 ratio of flat to longs. But observers point out that this is a common trend in the world industry which will inevitably increase overall competition. Meanwhile, they ask, what is being done to invest in speciality sectors?

Some detailed answers to this question may come during the next few months. The French special steels industry, which has an output of about 3.5m tonnes a year, is at present going through a period of agonising reappraisal which may lead to the absorption of some of its facilities into the bulk producers.

Already, both Usinor and Sacilor have indicated that they are interested in diversifying their base of operations. Usinor took on some special activities with the purchase of Chatillon-Neuves-Maison a year ago, and, just last week, Sacilor has taken over Pompey, a group with products aimed particularly at the motor industry.

Sacilor has also moved recently into stockholding, with the purchase of Davum a group with international interests. In addition, it says that it is trying to pick on particular areas where clients have specific needs and margins are higher. For example, it is moving out of bars for pre-stressed concrete, and moving into higher quality bars for nuclear power stations.

But these developments must, for the moment, be a secondary consideration. The first target, and the one on which the Government will judge the new managements, is to get the rationalisation programme successfully over and pull the industry back into profits.

DR. SHAHPOUR BAKHTIAR, the Shah of Iran's last Prime Minister (pictured above), whose whereabouts have been a mystery since he fled from his country last February, has reappeared in Paris, where he gave a surprise press conference yesterday during which he bitterly attacked the present Iranian regime, reports Robert Mauthner in Paris.

Dr. Bakhtiar, who was swept from office by the revolutionary movement led by Ayatollah Khomeini and who has been condemned to death in his absence, proposed that a referendum should be held to allow the Iranian people to choose freely between a monarchy and a republican government.

He painted a catastrophic picture of the present situation in his country. The revolution was a step back into the past, he said. The chaos and agitation in the country was sickening and tens of thousands of innocent people had been killed.

Regarding his own political future, Dr. Bakhtiar hinted that he could be a last recourse. He indicated that he was living in France and said he had received a three months residence permit.

Iran to hold crisis talks on economy

BY ANDREW WHITLEY IN TEHRAN

WITH THE Iranian domestic economy still struggling nearly six months after the revolution, a top-level crisis conference is to be held in Tehran next week.

Organised by Mr. Mohammad Ali Mowlavi, the governor of the Central Bank, businessmen, economy ministers, experts and clergymen have been invited to attend.

Mr. Mowlavi, who is known to be concerned at the hasty and ill-conceived nationalisation of large sectors of the economy and over which he was not consulted, has threatened to resign if the measures agreed at the conference are not implemented.

Mr. Mowlavi said the conference would evaluate Iran's credit, banking and monetary policy. High on the agenda is expected to be the need to restore business confidence as well as a new international parity for the rial.

Meanwhile, in a separate development, a senior oil company official has reported that the current talks with the former Western Oil Consortium operating in Iran have run into difficulties.

Dr. Kazem Hassibi, senior adviser to the chairman of the National Iranian Oil Company, said that the consortium's board of directors had rejected NIOC's proposals on the settlement of their accounts, without giving any reasons. Iran was enquiring about the rejection.

In the daily newspaper Bourse, Dr. Hassibi is quoted as saying that while Iran wanted to settle all outstanding financial obligations in toto, the consortium was insisting on a piecemeal approach.

The 14-member consortium, led by BP, produced the bulk of Iran's crude oil for more than 24 years up to last December and also marketed the majority of it. Talks on the debts and the possible purchase by Iran of a consortium subsidiary company, IROS, began in London in June.

No details have been disclosed of NIOC's demands from the consortium during the recent talks, but it appears that Iran is asking for compensation for what the Shah's regime had claimed were the western oil companies' failure to meet lifting and investment commitments, under the terms of a 20-year agreement signed in 1973.

Dr. Hassibi said the consortium had refused the NIOC proposals because they knew they would have to pay large sums for their previous broken commitments. He criticised the consortium for delaying moves on the issue, but said nevertheless that the bilateral talks had not stopped.

In sharp contrast with the stagnation of domestic economic activity, Iran's oil exports have contributed to a steady rise in the country's foreign exchange and gold reserves.

In an interview with the newspaper Ettelaat the Central Bank governor said that at the end of the last Iranian month, June 22, the reserves were about $11bn. At the time of the revolution the reserves were generally estimated at $9bn.

Egypt denies violation of peace agreement

BY DAVID LENNON IN TEL AVIV

THE Egyptian Defence Minister, General Kamal Hassan Ali, denied here yesterday that his country had violated the peace agreement with Israel by maintaining a military presence at the El Arish airfield in Sinai.

Concluding a three-day visit to Israel, the Defence Minister said that the military personnel present at the airfield, which was handed back by Israel two months ago, were training a civilian team to take over the field.

General Ali was responding to complaints by Israeli Ministers that Egypt had failed to comply with the peace treaty provision that airfields returned to Egypt in Sinai must be used only for civilian purposes.

Mr. Ezer Weizman, the Israeli Defence Minister, said that he and his guest had reached agreement on all military issues during their three days of talks.

This included the need to arrange for some form of United Nations or international force to police the buffer zones in Sinai. General Ali said that Egypt would be open-minded on this point, which has been made an issue by Mr. Moshe Dayan, the Israeli Foreign Minister.

Meanwhile, the Jewish township of Yamit in northern Sinai went on strike yesterday and the roads into Sinai were blocked by the settlers, who want the Government to speed up the decision on compensation for settlers homes.

At the same time a government committee has decided to allocate I£350m (£5.84m) from the budget reserve for the creation of 13 Jewish settlements in the occupied West Bank, Gaza Strip and Golan Heights.

Syria denies Iraq move

BY OUR FOREIGN STAFF

PRESIDENT Hafez Assad of Syria has sent two senior members of his Government to Baghdad, the Iraqi capital, amid continuing speculation that elements of the Syrian Government were involved with the reported conspiracy in Iraq.

As a result of the conspiracy several hundred people opposed to the Iraqi regime of President Saddam Hussein are said to be awaiting trial. The Government's clampdown on the conspirators, who formed a bloc within the ruling Ba'ath Party, is expected to strengthen the position of President Hussein, who took over from his close associate, President Ahmed Hussein Bakr, just over two weeks ago.

President Assad of Syria is reported to have spoken on the telephone with his Iraqi opposite number and to have sent Mr. Abdul Halim Khaddam, the Foreign Minister, and Major General Hikmat Chehabi, the chief of staff to Baghdad, according to Arab diplomats in Beirut.

Their aim is to emphasise that the Syrian Government was not involved in the conspiracy, even though one of the leading Iraqi plotters, Mr. Mohie Abdul Hussein Mashhadi, confessed to having been in contact with a senior member of the Syrian regime.

Syria is thus in a deeply embarrassing position.

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New threat to Janata Party

BY K. K. SHARMA IN NEW DELHI

THE POLITICAL changes in India, which have brought into power a coalition government led by Mr. Charan Singh of the newly-formed Janata (S), are now having their impact on the States ruled by the Janata Party.

The party rules six States in the northern Hindi-speaking belt. With the formation of Mr. Charan Singh's new Janata (S), their Governments are threatened, since many legislators are expected to flock to the Prime Minister's party.

The immediate threat is to the Janata Ministry in the northern State of Haryana, where a protégé of Mr. Charan Singh was recently replaced. Changes are also expected in Uttar Pradesh and Rajasthan, where the Janata Party is breaking up.

This has led to the curious position that both the Janata Party and the new Janata (S) are seeking the support of Mrs. Indira Gandhi's Congress (I) faction.

They are doing so in New Delhi—the Janata in order to topple the new Government and the Janata (S) to survive—and are doing much the same in the states, although Mrs. Gandhi's following there is limited.

In the turbulent State of Bihar, Mrs. Gandhi prevented the Janata Government from being toppled by asking her followers to support it in a confidence vote.

She did this because she does not want the stigma of removing the Harijan (Untouchable) chief Minister in power there. Another reason is that her emissaries are holding talks with Mr. Jagjivan Ram, the Harijan leader, now leader of the Opposition in Parliament.

Mr. Ram has been elected leader of the Janata Parliamentary Party in place of Mr. *Morarji Desai*, who has announced his retirement from public life.

Mr. Ram insists that the Charan Singh coalition is in a minority and that he will be able to prove this when Parliament meets in the third week of August.

But to achieve this he needs the support of Mrs. Gandhi. *Overtures to her made by Mr.* Ram have been received surprisingly well. The reason is the growing tension between Mr. Charan Singh's Janata (S), and Mrs. Gandhi and her supporters in Parliament.

Mrs. Gandhi is visibly annoyed at the inclusion in Mr. Charan Singh's Cabinet of Congress Ministers with whom she has quarrelled. Mr. Charan Singh has appointed as his Law Minister Mr. H. R. Khanna, a former Judge of the Supreme Court, who was passed over for the post of *Chief Justice* by Mrs. Gandhi.

She has taken this to mean that Mr. Charan Singh plans to press ahead with cases against herself, her son and his associates.

This is probably a correct assessment, since Mr. Charan Singh has indicated that he does not intend to permit Mrs. Gandhi to dictate terms to him. Rather than wait for her challenge, he has decided to call the cards from the start.

The attitude of both increases *the prospects of* factional manoeuvering and adds to instability, both in New Delhi and in the States.

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Japanese seek cut in deficit spending

By Richard Hanson in Tokyo

THE JAPANESE Ministry of Finance (MOF) is seeking to hold the increase in appropriation requests for next fiscal year's national budget to an austere 10 per cent to help to reduce deficit spending by the Government, according to a draft compilation plan submitted to the Cobinet yesterday.

The plan would limit the increase in fiscal 1980, starting March 31 that year, to about 9.8 per cent over the fiscal 1979 budget. The fiscal 1979 rise was 13.8 per cent, compared with 14.6 per cent for fiscal 1978.

This year's yen 38,600bn general account budget depends nearly 40 per cent on financing through issues of national bonds, which has thrown the domestic bond market into disarray.

The Finance Minister, Mr. Ippei Kaneko, told the Cabinet that *no* increase will be allowed in administrative expenses. Rises in outlays for policy projects will be limited to 10 per cent, but spending to cover foreign aid will be allowed to increase by more to meet Japan's promise to boost official development aid.

Outlays on energy development will also be exempted.

Work on the budget has begun rather early this year. *Various Government ministries* and agencies are expected to submit requests for appropriations for the next year by the end of next month. It is the first time in nearly two decades *that the Finance Ministry has* attempted to limit the increase to below 10 per cent.

FIGHTING CONTINUES IN AFGHANISTAN

Russian aid vital to régime

BY SIMON HENDERSON IN ISLAMABAD

CONSTANT FIGHTING on the Pakistan-Afghanistan border, so much a part of life in Kipling's time between the British Army and local tribesmen, continues today.

Except that now Russian officers advise the army of Afghan President Nur Mohammed Taraki, who are falling to bullets aimed by Moslem tribesmen. And instead of Jezails (muskets) the tribesmen are using old British Army .303 rifles, or increasingly frequently, modern Russian AK47 assault rifles.

The fighting, which began soon after the coup that overthrew President Daoud in April 1978, *has escalated in the past* few months so that most areas of the country are affected. In the past week alone the rebels have cut the main road from Kabul to the Pakistan border in Islamabad three times.

It is almost a stalemate. Conservative tribesmen, annoyed by Taraki's reforms in education and agriculture and his links with the "godless" Russians, control the country at night, right up to the outskirts of the main towns. The government forces, bolstered by 4,000 Russian advisers, rule during the day, even though several garrisons in the eastern provinces are effectively cut off except by helicopter or armoured column.

Russia has long tried to assert influence over Afghanistan. There were Russian advisers even in Daoud's day, but Russia, so the Pakistanis believe, is now trying to take advantage of Taraki's left wing Khalq Party *rule to push south for a port on* the Indian ocean.

With the post-revolutionary chaos in Iran, Pakistan sees itself as the next domino to fall. It is particularly scared of the *prospect of Russian-backed* Afghan attempts to preach secession in the minority province of Baluchistan. The West, annoyed by Pakistan's barely concealed efforts to make a nuclear bomb, is not, in the opinion of Islamabad, doing enough to help.

Pakistan is left playing a cautious game. More than 120,000 Afghan refugees from the fighting live in Pakistan's border areas. The total cost is high—$20 a head each month for food and tents, more than a poor country like Pakistan can afford.

The danger is that the Afghan army will take action against rebel camps in Pakistan. Already there have been incidents of shelling and strafing. Pakistan officials say they have kept most of their own tribes*men* out of the fighting and they disarm he refugees as they come over. But traditionally most men in the north-west frontier province are armed, so tight control is impossible.

In the provincial capital, Peshawar, rebel groups have offices complete with their own armed guards. But they are *kept under close surveillance*, sometimes amounting to house arrest. The lack of unity of the groups is their greatest weakness. The actual fighting is done mainly by the different tribal *groups*

The victories against the Afghan army have been significant but not mauling. Convoys have been destroyed, and the occasional helicopter shot down. So many AK47 rifles have been captured that the black market price in Pakistan has fallen from $5,000 each to under $1,000.

But militarily the Kabul *regime is holding on. Russian*-supplied MI-24 helicopter gunships are in action regularly. Napalm has been used at least once on a tribal camp.

Diplomatic reports from Kabul now indicate that the Russians may be trying to avoid further political embarrassment by encouraging a change in Chalq Party leadership. The *62-year-old Taraki might* be safe as he is a father figure to the nation and to remove him would be to discredit themselves completely. But Hafizullah Amin, the Foreign Minister and described as "Taraki's hatchetman," might be dispensible.

The Russians have some leeway. Elite groups in the military remain loyal to the regime, particularly the armoured corps. Also, even if the tribes were to unite and succeed in overthrowing the régime completely, any new government would still have to deal closely with Moscow, a fact of life which even the rebels recognise. Moscow would never tolerate an Islamic régime on Iranian lines to establish itself in Afghanistan, where the strategic stakes are so great.

So far there has been no recognisable external aid to the rebels. They have had to rely on private contributions and by moving into the international drugs trade emanating from the area's vast crop of opium poppies. But confrontation with the Russians might encourage the Arab Gulf states and Saudi Arabia, worried by the tightening Soviet noose on the straits of Hormuz, to act more openly.

Sithole party ends boycott of Parliament

SALISBURY — Zimbabwe Rhodesia's main internal black opposition party today announced that it was ending its boycott of Parliament.

The Rev. Ndabaningi Sithole told a news conference that his Zimbabwe African National Union (ZANU) faction was to drop the protest boycott it began immediately after the General Election in April brought his rival, Prime Minister Abel Muzorewa, to power.

Zanu-Sithole cold-shouldered the handover from mainly white rule alleging that Bishop Muzorewa's election victory was rigged.

Zanu-Sithole won 12 parliamentary seats in the election, entitling it to two posts in the bi-racial coalition Cabinet. But Mr. Sithole said it had not been decided whether or not to take them up.

Mr. Sithole said his party *was going ahead with a petition*, to be heard by the High Court on August 29, detailing alleged election irregularities and demanding that the poll be declared null and void.

But he said: "Our supporters and many people throughout the country now feel satisfied that our point on irregularities has been sufficiently made."

He supported the reform of the constitution to give blacks a more powerful say in the administration, a referendum on a new constitution involving blacks and whites, and another General Election.

"People already expect another, and more conclusive, election. Because of our action their vigilance is bound to check other possible election chicanery," he said.

Mr. Sithole's announcement followed a weekend party conference in Bulawayo.

He said there was a growing feeling in Zimbabwe Rhodesia *that since the installation* of a bi-racial, black-led government on June 1 the aspirations of the African people were being betrayed.

His party had to rescue *African interests now being* dangerously compromised in the name of maintaining white standards, Mr. Sithole said.

The Muzorewa Government, which includes five white Ministers, was not aware of its new role, he said. It gave the impression it was an extension of the Rhodesian Front of former Prime Minister Ian Smith.

Mr. Smith is Minister without Portfolio in the Government, which Mr. Sithole described as having an African face with a white substance.

The Cabinet Portfolios of Health and Roads are being held in an acting capacity by two of the present 17 Cabinet Ministers, awaiting their taking up by Zanu-Sithole.

Mr. Sithole said it had not been decided whether Zanu would be taking up the Cabinet posts or, if they did, when this would be.

The present Cabinet includes ten members of the Prime Minister's United African National Council (UANC), five members of the Rhodesian Front and two members of the United National Federal Party (UNFP) of Chief Kayisa Ndiweni.

The UANC holds 44 parliamentary seats, the RF 28, Zanu-Sithole 12 and *the UNFP nine*. The remaining seven seats are held by the Zimbabwe Democratic Party of veteran nationalist Mr. James Chikerema, who split with the UANC in June, *alleging it was being run by a* "tribal mafia."

Reuter

Hong Kong money supply soars

BY PHILIP BOWRING IN HONG KONG

HONG KONG's money supply according to the broadly-defined *M2 indicator rose a further 2.9* per cent in June, with domestic loans and advances up by 2.8 per cent, compared with May.

The Government purports to see in the figures a slackening in new credit creation, but it is now widely believed that the situation is hopelessly out of control.

Ten months ago Mr. Philip Haddon-Cave, Financial Secretary, warned of the dangerous de-stabilising impact of the high rate of credit growth then prevailing—more than 40 per cent.

Despite speeches and warnings *of Government* action unless the banks reined in their lending growth, the rate of increase has barely slackened. On a 12-month basis, advances are up 46 per cent, and on the latest month-to-month annualised basis, up about 40 per cent.

Loans in Hong Kong have doubled in only 26 months with real GDP growth this year likely to be in single figures. Continuing rapid growth in credit is likely to mean continuing double-digit inflation and the weakening of an already weak currency.

The trade-weighted index of the Hong Kong dollar is now at an index level of 88, nearly 25 per cent below the high reached two-and-a-half years ago.

The attitude towards credit creation may explain the recent upsurge in the stock market. The Hang Seng index lost 19 points yesterday, but has still gained 65 points this month despite the growing likelihood of a U.S. recession which would have a direct impact on Hong Kong.

Peking attacks the 'high life'

REFORM of the Chinese Communist Party's cadre system—the culmination of months of protest against leaders who buy luxuries and seek privileges for themselves and their families—has been urged by Hu Yaopang, Third Secretary of the party's Central Commission for Inspecting Discipline, AP reports from Peking.

Regulations must be drawn up *at once to enforce discipline*, overcome factionalism and safeguard unity, Hu declared. The new rules should include "criteria for the party's internal political life, standards for the *living conditions of leading* cadres, concrete stipulations for the conscientious practice of democracy, and the rights and duties of party members."

New Australia 'strike'

Minor indications of liquid hydrocarbons have been encountered in the Bruce No. 1 Well off Western Australia, Stirling Petroleum said yesterday, Reuter reports from Perth. A rig is preparing to drill to a depth of 2,800 ft off Port Hedland.

Boat people search

Ships of the U.S. Seventh Fleet which last week rescued 65 Vietnamese refugees from the South China Sea, will make a similar sweep in the opposite direction at the end of the week, Reuter reports from Manila. The task force, headed by the carrier Kittyhawk, is now at Pattaya, Thailand.

N. Korea accused

The U.S. Command accused North Korea yesterday of continued infiltration of "hostile forces" into South Korea, by sending another armed spy boat deep into South Korean waters recently, AP reports from Panmunjon. Maj.-Gen. Han Ju-Kyong, chief Pyongyang delegate, flatly rejected the charge as a "fabrication" and claimed that Pyongyang had nothing to do with the alleged incident.

China's new laws stress rights of the individual

BY COLINA MacDOUGALL

AFTER 13 years during which the rule of law was unofficially suspended, China's National People's Congress early this month promulgated new legislation.

Of the seven laws published, one concerns joint ventures with foreigners and two are on constitutional matters. The remaining four, however, relate directly to the right of the individual in criminal and judicial matters. They represent an effort by the leadership to create a more equitable society by reducing the powers of public security officials and the party, who until now have been able to enforce arbitrary and personal judgments.

The new system revises earlier legislation set up in 1954. This formal legal system then had three components: the courts, the police (the public security *administration*) and the procuratorate.

It functioned up to the cultural revolution but was destroyed in the violence then and was not restored. Under the 1975 *constitution*, the procuratorate was placed under the public security administration, but last year the National People's Congress re-established it independently, as a forerunner to the new system.

In the 1950s the legal system operated alongside the informal system of justice applied by the party, which often had the right of investigation and decision. Since the cultural revolution this trend has increased, with the public security administration, if it functioned at all, doing so in secret and without the courts while the party made its own judgments and awarded its own punishments.

Few, if any, had anything approaching a fair trial for offences such as "taking the capitalist road," for which the sentence, called re-education, *during the cultural revolution* was despatch to the countryside accompanied by beatings, often ending in death.

The rule of law is such a foreign concept to the Chinese of today that so far bafflement is the main reaction. Peng Zhen, once a close associate of Mao but himself a victim of political judgment in the cultural revolution and rehabilitated last December, last week had to explain to a legal gathering that the final authority in judicial matters does now rest with the law, not the party.

Perhaps ominously he added that party committees should "examine and supervise" the work of the courts and procuratorates.

Nevertheless, the present *leadership obviously recognises* the need to have some check on the party or it would not have revived the legal system at all.

Loan problems for Asia

BY BRIJ KHINDARIA IN GENEVA

ASIA'S developing countries are running into increasing difficulties in their attempts to obtain loans on favourable terms from foreign governments and private banks, according to a *United Nations* report.

In overall terms, the share of private banking borrowings has increased, but the developing *nations* are less successful in obtaining loans on concessional terms.

The report, presented to the UN Economic and Social Council annual session in Geneva, summarises economic and social conditions in Asian and Pacific regions.

Concessional terms are not offered to many Asian countries because of *their* low credit ratings, the report says. Among the worst-hit countries are those in the Indo-Chinese peninsula where continuing *conflict* and political instability are hampering economic performance as well as regional co-operation.

The Far Eastern countries *registered high* industrial and economic growth rates, but their more successful manufacturing sectors such as textiles and clothing, footwear, steel shipbuilding and petrochemicals are now jeopardised by increasing protectionist barriers raised by their better-industrialised customers.

The South Asian countries gave the most *disappointing* economic performance in both the food and industrial sectors.

The Association of South-East Asian Nations (ASEAN) is *emerging* as an increasingly important force in the Indo-Chinese area.

Doubts thrown on treaty's ratification

Kissinger SALT backing hedged with reservations

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

Dr. HENRY KISSINGER, the former Secretary of State, yesterday issued an endorsement of the Strategic Arms Limitation agreement with the Soviet Union so hedged with qualifications and attendant recommendations as to enhance doubts that the U.S. Senate will ultimately ratify the treaty in its present form.

In effect, Dr. Kissinger proposed that SALT should be approved only if the Administration and Congress together produced a major defence spending programme to rectify the threatened military imbalance with the Soviet Union.

He urged the Senate to issue a "vigorous expression" of its view of the linkage between SALT and the Soviet Union's conduct elsewhere in the world and also to add to the treaty such amendments which, while not requiring renegotiations of the agreement itself, clear up what he described as "ambiguities" in the current document.

His testimony before the Senate Foreign Relations Committee has perhaps been the most eagerly awaited to date. Controller of U.S. foreign policy for eight years in the Nixon and Ford Administrations, his advice was expected to weigh heavily on the 40-odd senators whose votes on SALT remain an unknown quantity.

The committee hearing room was packed yesterday with interested observers and his lengthy testimony was prepared and delivered in such a manner as to command the maximum attention. Just about every journalist in town, it appeared, was provided with copies of what he was to say in ample time for deep perusal.

But perhaps the most telling comment of all came when Senator Jacob Javits pressed him as to what he would recommend if the SALT treaty were subject to a straight up and down vote: Dr. Kissinger responded that although it was not that simple, he would vote "No" unless the sort of reservations he had outlined were put into effect.

Dr. Kissinger had given a pretty fair indication of his thinking on SALT in a long article he wrote for the Economist earlier this year. Since then, a number of other influential senators, most noteably and recently Senator Sam Nunn, the Georgia Democrat, have also called on President Carter to undertake a major development of U.S. military capabilities so as to reinforce American resources to combat Soviet "aggression" in other parts of the world.

Dr. Kissinger returned to this theme yesterday in arguing that SALT cannot be considered in isolation since that would risk misleading the Soviet Union: "Moscow cannot have it both ways," he said: "the slogan of detente and the reality of the systematic undermining of the geopolitical equilibrium."

Nevertheless he did acknowledge that failure to ratify the SALT treaty would be seen as having a disruptive impact on East-West relations and added that "any fair-minded analysis" of SALT would have to conclude that it had beneficial aspects in its placing of overall ceilings on strategic missile systems.

But the nub of his objections was that any strategic arms limitation agreement tended to ratify existing trends in respective military ability—and the trend over the last decade and more, he argued, so favoured the Soviet Union at the expense of the United States that remedial action was imperative if the U.S. were not to be placed in grave danger in the years ahead.

He did not seek to lay out what weapons systems the U.S. should develop in any new programme, though he sharply disagreed with the assertion that the Carter Administration had been faced with "a choice between going ahead with the B-1 bomber and deploying the Cruise missile.

But he did recommend that the protocol which accompanies the treaty and which limits Cruise missile deployment should not be extended beyond its scheduled 1981 expiry date: that the Senate should issue a statement that the U.S. should be entitled to any new weapons systems permitted the Soviet Union under the agreement: and that it should be made clear that the NATO allies should be entitled to whatever new technology the U.S. develops.

He also advocated that the Administration be required to submit an annual report to Congress on Soviet compliance with a SALT treaty, with the Senate retaining the option of ordering any subsequent strategic limitation talks be terminated if compliance is unsatisfactory or if Soviet geopolitical behaviour was inimical to U.S. interest.

Senator Javits (above) pressed Dr. Kissinger (below) to say how he would vote on the treaty: the answer was against.

Leading indicators fall 0.1%

BY JUREK MARTIN

THE U.S. leading economic indicators, which are designed to point to future trends in the economy, fell by a slight 0.1 per cent last month, according to preliminary estimates by the Commerce Department.

This follows a modest 0.3 per cent advance in the index in May and the sharp 2.1 per cent drop in April. It means that that measurement now stands at 1.1 per cent below the level of June last year—evidence of the downturn in economic activity.

A certain amount of statistical casuistry is involved in interpreting the index. Classically, if it moves up or down for three months in a row, it is supposed to portend a shift in economic fortunes. This has not been an infallible guide, but is considered a useful rule of thumb.

So far this year, the index has declined in three of the six months, but not consecutively.

On the other hand, measured on a quarterly basis, the index has now fallen for two quarters in a row—by 0.2 per cent in the first three months and by 1.7 per cent in the April-June period. The last time this happened was in the last quarter of 1974 and the first quarter of 1975, when the economy was indeed moving into a severe recession.

It is, of course, widely believed that the U.S. is already in a recession, given the 3 per cent plus decline in gross national product in the second quarter of this year. However, Mr. Paul Volcker, chairman-designate of the Federal Reserve Board, told Congress only on Monday that he did not necessarily concur with the prevailing view that a recession was already under way.

Mr. Volcker's purpose was clearly to reinforce the image he already possesses as an apostle of monetary discipline and as a consequently staunch fighter against inflation. He warned that interest rates might have to rise further as part of an even tighter monetary policy if inflation were to be reined in.

But his assertions clearly point up a potential conflict between the economically and politically desirable. If the recession were to turn out to be deeper than currently feared by the Administration, the President may feel impelled by political and social considerations to move to stimulate the economy towards the end of the year—perhaps at a heavy cost to the fight against inflation.

Police grenade kills Brazil striker

BY DIANA SMITH IN RIO DE JANEIRO

A STRIKING building worker was killed by a police grenade, and several dozen workers, firemen and policemen injured in the Brazilian city of Belo Horizonte, capital of Minas Gerais state. A fireman was also reported killed.

After negotiations for wage increases dragged on, 15,000 of the union's 80,000 members called a strike on Sunday night, and a rally on Monday morning. Firemen were called to extinguish a blaze in a taxi, apparently turned over and set on fire by strikers and violence erupted with strikers and riot police exchanging blows, stones and grenades.

Union leaders have publicly condemned firemen and police for their handling of the incidents, but have also admitted that agitators appear to have infiltrated the strikers. Some of the crowd went on a rampage, invading shops and offices. Yesterday Belo Horizonte was reported to be reasonably calm.

President Joao Figueiredo issued a statement lamenting the loss of a life and injuries to workers and policemen. An inquiry is to be held and the building workers' union will seek compensation for the death and injuries of its members.

Strikes by industrial or white-collar workers have been common since President Figueiredo took office in March. Generally, they have been peaceful, although clashes occurred in Sao Paulo state. The Belo Horizonte violence is the first to involve loss of life.

The new Government, bent on presenting a more humane face than its predecessors, and on gradually softening Brazil's draconian labour laws, may have trouble keeping the temperature cool in industrial disputes until the police change their attitude.

Labour leaders' boost for Carter

BY JOHN WYLES IN NEW YORK

PRESIDENT JIMMY CARTER has received a surprisingly early expression of support for his re-election from leaders of half a dozen large unions who admit they are rallying round because the President is in trouble and needs their help.

Although it is quite usual for individual unions to launch efforts to secure the nomination and election of chosen presidential candidates, they have never done so in the past so far in advance of the primaries and nominating conventions.

The six union leaders who have formed a Labour for Carter / Mondale Committee account for about 3m or 15 per cent of all union members in the country. The American Federation of Labour-Congress of Industrial Organisations (AFL-CIO) claimed yesterday that the White House staff was obviously responsible for the committee's formation. It was pointed out that some of the union leaders had good reasons for supporting Mr. Carter.

Mr. Paul Hall, for example, who is co-founder of the committee leads the Seafarers Union, which has a keen interest in a new federal maritime policy which the Administration is still supposed to be framing.

Similarly, Mr. Sol Chaikin, of the International Ladies Garment Workers Union and Mr. Murray Finley of the Clothing and Textile Workers are interested in the Administration's restrictive stance on textile imports while Mr. Jack Otero of the Railway and Airline Clerks is lobbying hard against possible cuts at Amtrak, the Government-subsidised railway.

Co-founder with Mr. Hall is Mr. William Wynn, president of the largest AFL-CIO affiliate, the 1.3m-member United Food and Commercial Workers. In discussing his initiative, Mr. Wynn says that he and his colleagues accept Senator Edward Kennedy's statements that he is not a candidate.

The union leaders will not be drawn on whether they would prefer Senator Kennedy as some of their AFL-CIO colleagues have made clear. Left-wingers such as Mr. William Winpisinger of the machinists are actively seeking a Kennedy candidacy and are still privately optimistic that it is feasible.

Commenting on the surprisingly early birth of the committee, Mr. Hall said: "This President needs all the help he can get."

When one American dream comes true

By Maralyn Edid

OWNING a home has been one part of the "American dream" long denied urban apartment dwellers—until recently. Now, instead of giving the monthly cheque to a landlord, a growing number of Americans are making mortgage payments on their own flats.

From Chicago to Washington DC, San Francisco, Los Angeles and surrounding suburbs, conversions of rental flats into individually-owned flats, or condominiums, is becoming so prevalent and generating such protest that many city governments have passed or are considering restrictive legislation.

In Chicago, for instance, since the first building was converted into condominiums in 1965, about 50,000 flats out of an estimated 900,000 have disappeared from the rental rolls.

Real estate experts report about 5,000 flats were put up for sale in the first five months of this year, while 1,356 units went on the market in Washington DC during the first quarter.

Condominiums are individually-owned units within a building, where common property, such as hallways and grounds, is held by all the flat-owners who pay property taxes, mortgages and ordinary bills for their particular units, but share maintenance costs for the common territory.

Conversion craze

The conversion craze has been dubbed "condomania" and is prompted in part by recent changes in federal income tax laws that decrease the tax liability of a building owner who sells his property and by the handsome returns accruing to developers who convert buildings into condominiums.

Demand is booming because of the growing tendency of individuals to perceive property-ownership as a risk-free investment and because flat-owners build up equity while benefiting from federal and state tax deductions for mortgage interest payments and local property taxes.

Aside from the personal advantages, condominium supporters insist that property ownership is a boon to the cities—promoting stability, increasing property values and encouraging political involvement by people who now have a stake in the community.

But condominiums are also under attack. Citizens' groups direct their criticism to the conversion process, claiming that only more affluent people benefit.

The citizens' groups also say that the sudden loss of so many rental units artificially forces up the rent of those that remain. The critics even include some landlords, who say their best tenants are moving out to become "condo"-owners.

Despite powerful real estate interests pushing the conversion process, politicians are not ignoring the strident citizen protests.

In Chicago, two City Council sub-committees are studying more than 20 ordinances that would curb the conversion craze by imposing a windfall profits tax on "condo"-developers and granting tenants the "right of first refusal" to purchase their building once it goes up for sale and arrange the conversion themselves—at a tremendous financial saving.

San Francisco's Board of Supervisors recently passed legislation limiting to 1,000 the number of annual conversions, and requiring that 40 per cent of the existing tenants express their intent to purchase their flat before the building can be converted.

Washington DC City Council passed a 90-day moratorium on conversion of high-rent housing effective from May 29.

Incentives

During this time, an 11-person commission is developing recommendations on such issues as incentives to build rental housing and the creation of a revolving loan fund for low and moderate income earners who want to buy condominiums.

Condominiums are often expensive. Two-bedroom units on Los Angeles' west side sell for $125,000-$500,000 and start at $85,000 in Washington DC.

In Chicago, most of the converted properties are high-rise buildings located in the city's fashionable neighbourhoods:

In the more desirable areas, purchasers are paying $100 a quare ft, which places many units in the category of $100,000 and above. With mortgage interest rates hovering around 11 per cent and monthly maintenance costs for the building's common area often reaching $300, monthly condominium payments typically exceed monthly rents.

Despite the price, demand remains strong. As communities limit the rush to convert, prices of existing "condos" will climb still higher. Sometimes the cure is as distasteful as the disease.

U.S. aero engine makers bid for Air France order

BY TERRY DODSWORTH IN PARIS

A FIERCE struggle is developing within the nationalised French aerospace industry over the question of the engines to be used by Air France on the new range of A310 Airbuses.

The argument has arisen after a well-publicised offer by Pratt and Whitney, the U.S. aero-engine manufacturer, to supply Air France with its JT9D-7R engines at what looks like bargain basement prices.

While Air France itself seems well-disposed towards the deal, the State-owned SNECMA engine manufacturing group and General Electric of the U.S. are anxious to keep their monopoly of the jointly developed CF6-80 engine, which has been fitted to almost all Airbuses so far.

Pratt and Whitney's offer clearly results from the growing success of the Airbus, which has helped General Electric, its large U.S. rival in the world aero-engine business, because of its design and development links with SNECMA.

In order to win a position on the French aircraft, Pratt and Whitney has offered:

1. To modernise free of charge its own engines on Air France's 17 Boeing 747s.
2. To switch its engine overhaul and service centre from Hamburg in West Germany to France.
3. To sub-contract up to 30 per cent of the value of all future sales of JT9-D for Airbuses worldwide.

The final choice for Air France will probably be heavily influenced by the Government, which will have a delicate decision to make between the different national interests.

There are clear arguments in favour of selecting more than one supplier for the national airline, especially when SNECMA is so closely allied with an American company which now has a tight grasp, through this link, on French civil aviation.

On the other hand, SNECMA is running into a period of big export earnings through the General Electric connection, following the sudden success of the CFM-56 unit.

For Airbus Industrie, owned by Aerospatiale, the nationalised airframe manufacturer, the choice is more academic. But it is pointed out that the company's sales are helped by having a variety of engines on offer.

KWU keeps Iran options open

BY ROGER BOYES IN BONN

KRAFTWERK UNION has announced that it has formally terminated its contract to build two nuclear reactors for Iran at the Gulf port of Bushire, but the West German power engineering concern said it is "theoretically" prepared to negotiate a new contract over the suspended project.

This was disclosed yesterday by Herr Norbert Schmitt, head of KWU's Iranian operations. But clearly the chances of an imminent new agreement are extremely slim, following the formal termination of the contract. The Iranian authorities have denounced the $6.9bn Bushire project as uneconomical, and have said that the original contract, signed with the former Shah's officials, was over-priced and invalid. The KWU, meanwhile, is claiming DM 1bn for work completed last year as well as other outstanding costs.

The Iranian doubts led to the stopping of all construction work in January. KWU is flying some 100 of its personnel back to West Germany today but is leaving a 20-man liaison bureau in Iran. Should the Iranians change their views on Bushire, the bureau could then play a role in new negotiations.

In the meantime it may advise on the care and maintenance of the power stations, which are about 80 per cent complete.

The maintenance—now completely in the hands of Iranian authorities — has been one of the major concerns of KWU in recent weeks. The West German company believes that a power plant so close to completion needs highly skilled technicians to look after it, otherwise it will deteriorate rapidly and make the resumption of work correspondingly difficult.

Greek plant expansion

BY OUR ATHENS CORRESPONDENT

A CONSORTIUM consisting of Uhde of West Germany and the Greek companies of Archirodon and Elmec has been awarded a $38m contract for the expansion of the installations of Phosphoric Fertilisers Industry plant in northern Greece.

The expansion will be largely financed by a DM 53m Euroloan granted to the Commercial Bank of Greece by Deutsche Bank and Bayerische Vereinsbank. The loan will be repaid in 12 years at an interest rate based in the LIBOR.

Expansion of the plant will double annual production capacity to 700,000 tons and, at the same time, widen the range of fertilisers produced. The expansion is expected to be completed early in 1982, and should save Greece an estimated $20m a year now spent on imports of fertilisers.

Tate and Lyle may back Fiji distillery

By Dai Hayward in Wellington

TATE AND LYLE, the sugar refining company, is reported to have offered to back a £1.6m distillery in Fiji. Plans for a distillery to be based in Lautoka, the centre of Fiji's sugar cane industry, are now being considered.

Tate and Lyle already have a large stake in the Fiji sugar industry, importing 175,000 tonnes of sugar each year. Lord Jellicoe, the chairman of Tate and Lyle, told Fiji sugar growers the company would like to "widen and deepen" its involvement in the Fiji economy.

Two sites are being considered for the proposed distillery, and it is hoped it could be in operation, producing gin, vodka and rum, by August next year.

India to modernise car industry with foreign help

BY R. C. MURTHY IN BOMBAY

THE INDIAN automobile industry has been given the go-ahead by the Government to modernise with the help of foreign know-how.

It is hoped foreign collaboration will achieve savings in fuel consumption

The Government wants these cars, some of which were designed 20 years ago, to be replaced with light-weight, fuel-efficient vehicles.

There are three automobile companies in the field for foreign collaboration. Bombay based Premier Automobiles is negotiating with Fiat of Italy and Peugeot of France for expertise to replace its Padmini. The Padmini was originally designed to Fiat 1100 specifications.

The State-owned Hindustan Motors (HM) proposes to upgrade the engines of its trucks and cars with British help. Of the total Rs160m (£8m) modernisation programme, Rs110m will be spent on HM's truck project, Vauxhall will help upgrade the Hindustan (originally Bedford) trucks to enable them to lift a pay-load of 7.5 tonnes plus 25 per cent extra load permissible under local regulations.

MAN of West Germany is entering into technical and financial collaboration with Escorts of Delhi for modern diesel engine production.

Escorts-MAN, a new joint venture to be set up for this purpose will make stationary and automotive diesel engines of 100-650 hp.

Nigeria may sell oil to Australia

By Mark Webster in Lagos

NIGERIA has indicated its willingness to sell oil directly to Australia, if the Australian Government needed it, Mr. Malcolm Fraser, the Prime Minister, said in Lagos.

Mr. Fraser, on a four-day official visit to Nigeria, also said that a trade agreement between the two countries was "much closer" after one of the major obstacles to such a deal had been removed.

He said Nigeria had dropped its insistence on a balancing clause which would have ensured that trade between the two countries would be almost exactly equal. Mr. Fraser said he explained that such a clause would be impractical between two trading nations.

But he added that other problems remained and that it was likely that another special trade mission would come to Nigeria in order to conclude such a deal. Outstanding problems are believed to include an end-user clause, which Nigeria wants in order to prevent goods being re-exported to countries such as South Africa and Zimbabwe Rhodesia.

The Nigerian willingness to consider oil deals with Australia is considered important by observers here, because of the general shift in Nigerian sales policy away from sales through operating companies already in the country to third-party customers.

Mr. Fraser said that if such sales took place it would probably be on a Government-to-Government basis. But he said it would only involve marginal quantities of oil as Australia already produced a light crude similar in quality to Nigeria's own.

Australia imports around 30 per cent of its crude oil, but most of that is heavy crude or gas. Mr. Fraser said the issue of trade-off deals involving a third party had not been raised. Government officials explained that there had been a possibility of buying Nigerian light crude and then exchanging it for heavy crude through another country.

But Mr. Fraser said that at present, the decision on whether or not a deal would be done with Nigeria rested on an inquiry being carried out in all the oil-producing countries to find out where Australia would get the best deal.

Oil experts here point out that transport costs from Nigeria to Australia would make it unlikely that such an arrangement with Nigeria would prove profitable.

On the trade issue Mr. Fraser said that more talks would probably be necessary. Australian trade with Nigeria has sunk to an estimated A$2m (£1m) a year since Nigeria introduced import restrictions which cut the supplies of Australian beef allowed into the country.

He said that other matters discussed included the common fund and the importance of achieving agreements on commodity stabilisation. They had also agreed that if the U.S. could be urged to join the International Sugar Agreement, the European Economic Community would probably follow suit.

Metin Munir reports on the pipeline built to symbolise friendship between Ankara and Baghdad

Oil flows but future remains troubled

ONLY THE presence of the Mediterranean lends any charm to the oil discharge station that marks the terminus of the 590-mile Iraqi-Turkish crude oil pipeline.

In the arid heat the line between sea and sky disappears, and tankers are only visible when they approach close to the loading jetty. There is not a tree in sight for trees are regarded as a fire hazard, and the pipeline's management is looking for sheep to crop the scant grass that remains—sheep do not smoke, but workers mowing the grass might.

But such problems are incidental to the overall work of Iraqi and Turkish technical staff based here, who are finally beginning to see the $900m pipeline begin to carry something nearer its full annual capacity of 35m tonnes.

In 1978 it only carried 13.3m tonnes, but in the first six months of this year 14.6m tonnes were carried.

Built to symbolise the friendship between Ankara and Baghdad, the pipeline commenced operating in mid-1977, but it has still been a bone of contention in the region.

There were immediate problems over the quantity of oil Turkey would be allowed to draw from it, and the prices that would be charged. It has also experienced at least one explosion, the result of an apparent sabotage attempt.

In Turkey's more affluent days when the pipeline was conceived there were plans to establish a joint Iraqi-Turkish refinery and petrochemical complex at the terminal in Dortyol. These have now been shelved, though Turkey is planning to build a 270-mile spur pipeline from Dortyol to Kirikkale near Ankara.

The Romanians are building a refinery with an annual capacity of 5m tonnes at Kirikkale. However, even if the fast welding techniques used on the Iraqi-Turkish pipeline are applied, it is questionable whether the spur will be ready at the same time as the refinery—about two years. The tender documents are being prepared but will not be sent out until Ankara is sure it can find the foreign exchange necessary.

Officials at BOTAS, the subsidiary of the Turkish Petroleum Company (TPAO) which operates the pipeline, explain that several factors prevent the pipeline from attaining full capacity. The most important is power shortages, which sometimes occur despite the fact the Turkish Electricity Authority (TEK) will often deprive local communities of electricity in order to keep the pipeline supplied with power. The automatic operating system has also had its failures, while problems have sometimes arisen over the Iraqis' marketing practices.

At present the Iraqis give Turkey monthly sales lists specifying the names of the vessels to be loaded. But before loading can take place the Turks must have the approval of Iraqi technicians stationed here. Until a few months ago Turkish ships also often left empty handed because of frequent changes in the monthly lists.

The tanker terminal can take ships of between 30,000 and 300,000 dwt. On one recent weekend a Turkish tanker was being loaded while another Turkish tanker and a Japanese and a Greek vessel were anchored offshore.

Under the agreement between the two countries Turkey receives a fee of U.S.38.9 cents per barrel of throughput and is hoping to make about $85m this year from the pipeline. Iraq has also pledged to allow Turkey 10m tonnes of crude per year until the end of 1979, 12m tonnes until 1982 and 14m tonnes thereafter.

This year, however, Turkey is only expected to take 6.5m tonnes from the pipeline. Turkey's shortage of foreign exchange has meant that its debts to Iraq have built up to, at one point, $330m.

The problems of foreign exchange have not only meant that there are now long queues for petrol and diesel fuel throughout the country, but also that Turkey is unable to meet some of its longer-term contracts. It has thus been frequently driven into buying on the spot market — meaning that such foreign exchange as there is does not go a long way.

There are still doubts about whether Iraq's rapprochement with Syria will affect the Iraqi-Turkish pipeline. Turkish officials say that Iraq is committed to paying fees for putting through 15m tonnes annually: they are confident that throughput will reach 30m tonnes this year.

However, there is the possibility that bringing the long-closed Iraqi-Syrian pipeline to the south fully on stream will cause Iraq to send less of its oil through the more northern Turkish route to the Mediterranean.

The low level of tanker rates means that there is less to be gained from piping rather than shipping oil to the Mediterranean than seemed likely when the pipeline was planned. Also the Turks have lagged in making their payments, while the Iraqis, for political reasons, may wish to use the pipeline through Syria as fully as possible.

But the Iraqis are known to want to keep their options open, particularly in view of the longer-term uncertainties surrounding the Gulf. Turkish officials thus feel their confidence that the pipeline will be used is justified—and that they will remain busy enough not to worry too much about the arid aspects of Dortyol.

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UK NEWS

Staff cuts may hit savings, bonds

BY EAMONN FINGLETON

ONE OF the main services of the Department of National Savings may have to be phased out if the Government goes ahead with a proposal to cut staff spending by 10 per cent, it was stated last night.

The Department said that Mr. Nigel Lawson, Financial Secretary to the Treasury, had explained the implications of the proposed cuts to staff representatives last week. But no decision on the cuts will be made until the autumn.

The statement followed reports yesterday that the Department's successful Premium Bonds operation could be hit by Government efforts to reduce Civil Service manning levels.

Yesterday's statement confirmed that Mr. Lawson had mentioned Premium Bonds as one of three major areas which might be "affected."

The other areas were the ordinary account at the National Savings Bank and National Savings Certificates.

Mr. Lawson had said that only one of these areas would be affected if the Government was to achieve a cut of 10 per cent in staff spending by April, 1982. More services might be affected if larger cuts were implemented.

The Department said: "The word 'affected' was used since it was envisaged that should it be decided that any Department of National Savings services should contribute to the overall reduction."

This would probably be done by discontinuing the intake of new deposits or purchases, but existing investments would continue to be serviced.

Bank sets new rules for money dealers

BY JAMES BARTHOLOMEW

THE BANK of England issued a code of conduct for principals and brokers in the £30bn sterling money market yesterday, and a Sterling Brokers Association has been formed along the lines of the existing Foreign Exchange and Currency Deposit Brokers Association.

The code will apply to institutions such as building societies, local authorities and industrial companies which have not until now been subject to rules written by the Bank of England. The market also includes banks, brokers, pension funds and insurance companies.

There is at present £4bn in the Certificate of Deposit market, £15bn in the interbank market and out of the £35bn of local authority debt, about £10bn is estimated to have been funded through the money market. There are also smaller markets such as that between industrial companies.

The Bank's code is based on existing best practice and has been written after consultation with practitioners.

The code rules that:

- The exchange of confidential information about third parties is forbidden.
- The name of a borrower shall be disclosed by a broker only to a lender who seriously intends to deal.
- A principal shall not apply unfair pressure on a broker to pass on information improperly.
- Brokers must not give gifts to principals, unless the heads of the principals' money market operation know about the gifts.
- Principals must exercise "full control" over their dealers.
- Principals must not use brokers to find out who is in the market in order to deal with them direct.

Enforcement of the code is in the Bank's hands but the sanctions open to it are not clear.

Disputes in the money market can now be referred for arbitration to a Joint Standing Committee on which principals and brokers will be represented. The committee will also advise the Bank on future amendments to the code.

The new regulatory systems which have emerged in both the sterling and foreign exchange markets is a half-way house between the self regulation which the Bank has long favoured and the governmental control common on the Continent.

Mirror Group chairman to retire at end of year

BY JOHN LLOYD

MR. PERCY ROBERTS, 59, chairman and chief executive of Mirror Group Newspapers, is to retire at the end of the year.

Reed International, the group's parent company, has also announced major changes in its management structure.

The changes follow an announcement in May that Mirror Newspapers had abandoned an attempt to introduce computer-aided design, and come at a time when the Daily Mirror's circulation continues to fall.

Mr. L. A. Carpenter, chairman and chief executive of Reed's International Publishing Corporation, will take over the additional responsibility for the Mirror group from today.

Mr. Tony Miles, editorial director of the Mirror group, becomes chairman, and Mr. Douglas Long, deputy chief executive, becomes chief executive. Both will report to Mr. Carpenter.

The deputy chairman of Reed International, Mr. G. S. Witherington, takes over direct responsibilities for Reed Building and Wall Paper Manufacturers from Sir Alex Jarrat, Reed's chairman.

The company's paper and packaging interests are brought together under Mr. D. T. Wilkins, Reed Group chairman, who now also takes on Reed Paper, the company's Canadian subsidiary.

Record sales for main London auction houses

SALEROOM

BY PAMELA JUDGE

THE FOUR main London auction houses had record sales for the closing season, with combined net figures of £330.6m against £282.9m in 1977-78. This was a rise of 16.8 per cent.

Sotheby's had a total of £181.5m, compared with the previous £161m, an increase of 12.7 per cent. Every saleroom recorded higher figures. Last year's international total was based on exchange rates taken at August 31, while this year's were struck on July 20. Without this difference the total sales would have been more than £197m, a gain of 22 per cent. Sales in North America rose to $147m from $112m.

For the first time, Christie's topped £100m, with £110m sales against £89.1m last year. This was an increase of 24 per cent. On a similar exchange rate calculation to Sotheby's, Christie's would show an extra £8.2m, or a rise of 33 per cent. Overseas sales increased in number to 229 against 184, and in value to £42.6m against £32.1m.

At Phillips, the increase was 26 per cent—sales of slightly more than £30m against last year's £23.8m. Phillips was the most aggressive advertiser during the year. It took virtually all the Bond Street Tube station sites and ran the first television campaign by a major auctioneer in the UK.

Bonham's rise was 15 per cent on a turnover of £8.6m, compared with £7.5m last year. During the year a 1,300 sq ft saleroom was added to the Montpelier Galleries in Knightsbridge.

Sotheby's consignments from abroad represented 30 per cent of total sales in London. The five salerooms in England reported a total of £85.4m (£80.4m previously). One highlight of overseas sales was at Monaco on June 25-26 where the Akram Ojjeh furniture fetched FFr 54.5m. The highest individual price at Monaco was FFr 7.6m for a Louis XV ormolu-mounted marquetry corner cabinet—a world record for a piece of furniture.

On July 3-5 in London, a sale of Impressionist and Modern paintings, drawings and sculptures made £6.7m. The Paul Rosenburg collection made £3.2m on July 3 and Picasso's "La Bouteille de Vin" was sold for a record £460,000.

While Impressionist, Post-Impressionist and Contemporary Art showed a healthy rise to £27m from £21.4m, the biggest jump was in furniture from £14.7m to £25.3m.

Mr. Peter Wilson, chairman of Sotheby Parke Bernet, commenting on London as a selling centre, said: "We should not forget that this position could easily be eroded, or lost, if restrictive regulations should destroy the confidence of collectors throughout the world who sell at, and buy from, Sotheby's.

More fraud officers considered

By John Elliott, Industrial Editor

THE DEPARTMENT of Employment is considering increasing the number of fraud officers it employs in an attempt to cut down on the payment of unemployment benefit to people who have jobs.

This emerged yesterday after Mr. David Mitchell, a junior Industry Department Minister, told the Confederation of British Industry's small firms council that the Government was looking into what could be done in the case of people who were moonlighting and drawing unemployment pay at the same time.

At present the Employment Department employs 300 fraud officers. The cost of an increase would be covered out of £7m a year savings that the Department will make from September when it starts paying unemployment benefit fortnightly instead of weekly.

Eventually the Department hopes to more than cover the cost of the fraud officers by cutting down on the £1.5bn a year it spends on unemployment pay.

The Department is also aiming to curb abuses of unemployment and other benefits.

The main abuse occurs when people refuse potentially suitable jobs offered by employment exchanges and so receive unemployment pay for longer than might be necessary.

Trade report censures four

BY JOHN MOORE

DEPARTMENT of Trade inspectors inquiring into the ownership and affairs of Ashbourne Investments, a small quoted company with financial and industrial interests, have censured the conduct of four individuals.

In addition, the investigation has disclosed a number of areas for which the present law and practice provide inadequate protection against abuse.

The details are in a Department of Trade report published yesterday after an investigation which lasted nearly four years.

The inspectors, led by Mr. Robin Auld, QC, say they are concerned about the lack of adequate safeguards for unsecured loan stockholders and the absence of clear standards in relation to "window-dressing" of accounts.

The inspectors regarded as particularly serious the attitude of Mr. Simon Raynaud, an executive director of Ashbourne, to the breach of the loan stock trust deed of the company in the six months before a consortium gained control of Ashbourne.

They regard as serious the abuse by Mr. Stephen Barry, Mr. Stephen Ross and Mr. Lionel Casper of their management control of Ashbourne in relation to a share deal involving shares of Armour Trust.

They also regard as serious the "window dressing" of the audited accounts in 1974 of Ashbourne and of E. S. Schwab, a bank acquired by Ashbourne in 1967. Mr. Stephen Barry is held primarily responsible for the "window dressing", which he used to conceal the breach of the loan stock trust deed and the extent of Ashbourne's reliance on support from Schwab.

The report covers the period between 1973 and 1975 and the events surrounding a proposed bid by a consortium headed by Crest International Securities, a quoted investment company, and Corporate Guarantee Trust, a quoted investment trust.

The founders of the consortium were Mr. Lionel Casper, the chairman of Crest, Mr. Stephen Barry, the chairman of Corporate, and Mr. Bernard Glazer, a rancher and property owner in South Africa.

Their intention was to gain management control of Ashbourne, merge it with their own companies and set out on a career of "company conquest."

By the end of November 1973 the consortium had acquired 23.26 per cent of the issued share capital of Ashbourne. It proposed a bid and instructed merchant bank William Brandt's a member of the Grindlays Banking group, to act for it.

By then Mr. Casper and Mr. Barry had already stretched their respective companies' finances to obtain the stake. They sought board representation but it was denied.

In December, directors of Ashbourne sold a further 19.89 per cent of the company shares bringing the consortium's total holding to 43.15 per cent of Ashbourne. It then became bound under the City Code on Takeovers and Mergers to make within reasonable time an offer to buy the remaining shares in the company.

Ashbourne sold the shares to the consortium after an assurance given by William Brandt's that the consortium had sufficient funds available to meet its obligation.

In anticipation of the bid, four representatives of the consortium — Mr. Casper, Mr. Ross, Mr. Barry, and Mr. Brian Simmons — were appointed to the Ashbourne board.

No bid materialised. In their observations on the deal the inspectors say that one of the most important objects of the City Code is to ensure that all shareholders of a company about to be taken over receive equal treatment from the bidder. In this instance, all the shareholders of Ashbourne did not receive equal treatment.

The takeover panel was unable to enforce the City Code, first, because the consortium directors resorted to litigation to enable the consortium to evade its obligation to bid, and in the end, because the financial arrangements for the announced bid failed.

The inspectors observe that Mr. Philip Ralph, then a director and head of the corporate finance side of William Brandt's, was at fault in failing to construct a clear and comprehensive underwriting agreement for the bid at the outset.

The inspectors conclude that the consortium directors took steps to improve the liquidity in the Ashbourne group, principally by the realisation of some assets and by obtaining repayment of certain loans made by E. S. Schwab.

"However, their brief stewardship of the company and subsequent control were highly damaging to it, notably by the costly disputes in which they involved the company in trying to retain control of it without complying with the obligation to bid for it."

They praised Mr. Raynaud and the company's fellow non-consortium directors for undertaking the management of the company affairs under such trying conditions.

* *Ashbourne Investments Limited, Department of Trade Report, HMSO, £3.75.*

New London courts open

TWO NEW courts have opened in Croydon to help clear the backlog of Crown Court cases in the London area.

A further 23 temporary courtrooms are scheduled to open before 1982 on the South Eastern circuit, where defendants in custody wait an average of more than 18 weeks for trial. Those on bail wait more than 31 weeks.

Store chain appoints executive

By Christine Moir

MR. GEORGE CANNON has been appointed chief executive of the wholesale division of International Stores, a subsidiary of BAT Industries. Two months ago he resigned from the Board of Fitch Lovell after lengthy wrangles about major policy decisions.

He will resume responsibility for Alliance Wholesale Grocers, which came under his control in the late 1960s when he was chairman of the wholesale grocery arm of Associated British Foods. Last year Kearley and Tonge, International's wholesale subsidiary, bought the Alliance chain from Associated.

Mr. Cannon becomes chairman of Kearley. He also takes a seat on the main International Board, which has been undergoing restructuring since last year when the company announced a turnround from a trading profit of £5.8m to a loss of £5.3m.

The main losses have been on the retailing side and the company believes that Mr. Cannon's previous experience with Key Markets and Fine Fare will be useful.

Mr. Cannon's main areas of responsibility have always been wholesale buying and distribution, and here too International's performance has recently been poor.

UK NEWS

Gulf plan to seek Channel oil

BY RAY DAFTER, ENERGY EDITOR

GULF OIL is to carry out a seabed survey of the English Channel to discover the area's oil and gas potential.

The survey, on behalf of 16 groups of oil companies, is scheduled to start mid-September and will take about two months to complete.

The area to be covered by the seismic tests lies between *Dungeness* and Weymouth on the UK side of the Channel median line. Western Geophysical, the contractor, will use the seismic survey vessel Western Sea.

Gulf said that as a broad segment *of the oil companies* would benefit from the results there would be less need for individual surveys. This would help reduce disturbance to fishermen.

The survey had been timed to avoid the high season for crab and lobster fishing, Gulf Oil said.

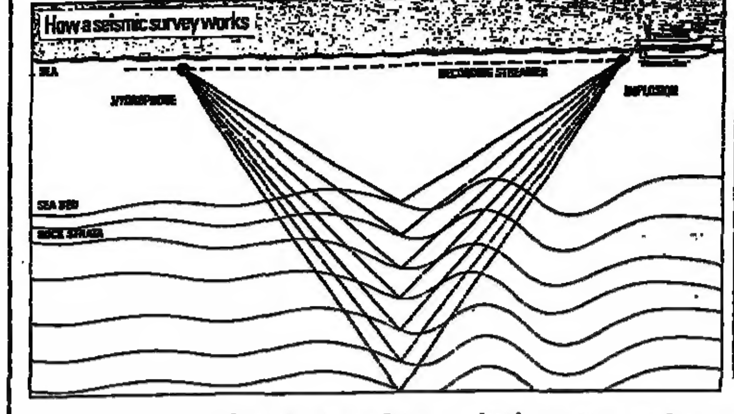
Western Sea will tow recording streamers, some 1,800 metres long. Gasguns will create sound-waves to penetrate the sub-surface rock structure and provide geological information.

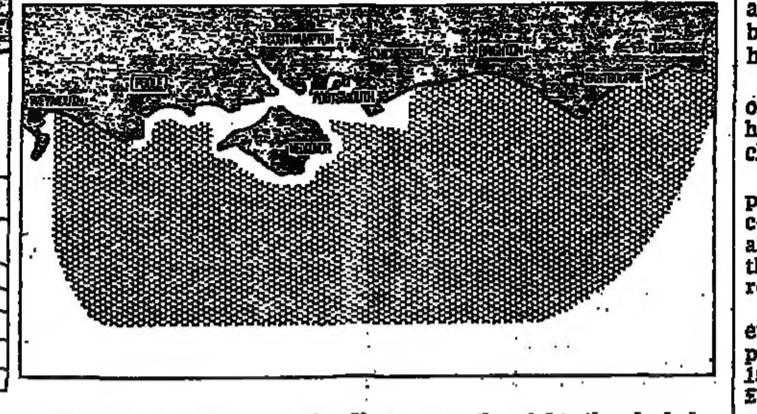
Licences for oil and gas exploration and production have already been granted in the Channel and the Western Approaches. British Gas Corporation was last week awarded a sixth round licence on block 74/1 and additional licences are expected to be awarded over the next few years.

● In the North Sea, Chevron Petroleum, operator for the Ninian Field partners, has reported the successful positioning of the 3,500-ton deck on the field's northern production platform, due to begin production in 1980.

At present the central and southern platforms on Ninian —one of the biggest fields in the North Sea—are producing oil at the rate of 200,000 barrels a day. So far 25m barrels have been produced from Ninian since the field was brought on stream in December, 1978.

Partners in the Ninian consortium are: Chevron Petroleum (UK), British National Oil Corporation, Imperial Chemical Industries, British Petroleum Development, Ocean Exploration, Murphy Petroleum, Ranger Oil (UK), and London and Scottish Marine Oil.





The diagram on the left shows how a seismic survey can be conducted using gasguns. In the diagram on the right, the shaded area shows the section of the Channel between Dungeness and Weymouth which will be surveyed

Cheaper homes sought by buyers

BY MICHAEL CASSELL

FIRST-TIME house buyers now have to pay an average of £15,200 for their home, says Nationwide Building Society.

A survey by Nationwide, the country's third biggest society, shows that new owner occupiers are going for cheaper dwellings and thus paying about a third below that paid by existing home buyers.

First-time buyers are seeking older homes and more terraced houses in their search for the cheapest property.

At the bottom of the range, pre-1919 terraced houses now cost an average £11,920, although the society points out that there are considerable regional variations.

In Greater London, the most expensive region, the cheapest property category involves pre-1919 flats at an average price of £17,310.

In the East Midlands, the lowest priced region, the cheapest type is the pre-1919 terraced house selling for an average of £6,720.

About 50 per cent of first-time buyers were previously living with parents or relatives, while more than 25 per cent rented from a private landlord and 12 per cent were local authority tenants. Most of the others lived in accommodation provided by employers.

Mr. Leonard Williams, chief general manager of the Nationwide, said that in spite of the recent rise in house prices, about 45 per cent of his society's loans were going to first-time buyers.

They were not, therefore, being priced out of the market, but more were turning to older, terraced homes because they were cheaper, usually conveniently situated for work and offered adequate space for a couple's first home.

Attack on office waste

By James McDonald

THE COST of producing one letter in an office is £5, according to a survey conducted by the Alfred Marks employment bureau among more than 1,000 secretaries and clerks.

The survey, Waste in the Office, criticises managers for bad timekeeping, spending too much time on the telephone and writing unnecessary letters. It claims that more than one-third of all commercial letters are superfluous.

Mr. Bernard Marks, of Alfred Marks, said: "Too often a secretary is regarded as a status symbol by an employer and is not properly employed."

Almost 75 per cent of survey participants claimed their time was not used effectively and that they had abilities untapped by their employers. Only 40 per cent of managers were credited with planning their day by delegating or dictating in the morning. Employers were also accused of spending too much time on entertainment.

Replying to the survey, the British Institute of Management *said entertainment was* in the pursuit of business and "although managers may be late to work they work harder."

The Confederation of British Industry, said: "It is up to managers to lead the way, not only in the larger sense of the economy, but also leading their staff by personal example into higher productivity."

Sainsbury speeds up laser checkout tests

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE SAINSBURY supermarket chain has decided to accelerate its testing programme for new laser-scanning electronic checkouts.

The company had already started trials of electronic *checkouts without* laster scanning at its Crawley store. But Sainsbury said yesterday that this experiment would be extended to include laser-scanning next year. A similar trial was due to start this autumn at the Chippenham branch but the trial has now been transferred to a different branch and will start next year.

Sainsbury's decision to accelerate its testing programme follows the decision by Key Markets, the Fitch Lovell supermarkets chain, to start operating such a system this autumn at its superstore in Spalding, Lincolnshire.

The new electronic checkouts, already used in U.S. and European supermarkets, contain a laser beam which reads a special "bar code" printed on grocery products and automatically provides price and product information for both shoppers and store staff.

The system means that checkout operators will not have to key in prices, which often leads to mistakes. Shoppers will receive a till receipt which describes the product and gives its price.

The Key Markets store will be using the specially developed IBM system and equipment. This system has also been used at Sainsbury's Crawley store experiment. Sainsbury said yesterday that "the initial reaction to this trial has demonstrated the acceptability of the system and the urgent need to progress towards scanning."

Sainsbury's other experiment will be carried out using NCR equipment.

Wilson wins libel action over Daily Mail article

SIR HAROLD WILSON yesterday accepted "appropriate damages" in settlement of his High Court libel action over a newspaper article which suggested he had neglected his duties in the 1976-77 Parliamentary Session.

He had sued Associated Newspapers Group, Mr. David English, Daily Mail editor, and Mr. Anthony Bevins, the Mail's political correspondent.

Sir Harold had complained of a Daily Mail article on April 24 last year, alleging that backbench MPs had one of the worst absenteeism records in Britain.

Sir Harold, who resigned as Prime Minister in March, 1976, was mentioned by name in the article, Mr. Geoffrey Shaw, his counsel, told Mr. Justice Gibson.

The article suggested he had been neglecting his duties by not serving on Commons select and standing committees and by being inactive in the Chamber.

Mr. Shaw said it would be most unusual for an ex-Prime Minister to serve on such committees as this often involved investigating the work of Government departments and could accordingly have involved the investigation of a department during his premiership.

Furthermore, Sir Harold could have certain knowledge of matters under committee investigation which he would have acquired in Cabinet meetings or committees, which he would not be at liberty to disclose.

The defendants recognised that to allege that Sir Harold had neglected his duties as an MP would be wholly unjustifiable. They withdrew any such imputation and agreed to pay damages and Sir Harold's legal costs.

New factory for clothing company

SCOTTISH CLOTHING company S. Meadow expects to increase its workforce by more than a third by moving into a new factory on the Queenslie industrial estate in Glasgow.

The building, leased from the Scottish Development Agency, will enable the company to centralise its cloth cutting in one plant. The expansion frees space at the two existing factories in Glasgow and Irvine, Ayrshire, for increased output of jeans and trousers.

Mr. Eliot Leviten, chief executive, said the company intended to expand production rapidly, creating 100 jobs at the new factory by the end of the year.

OTHER MEN'S JOBS: TROPICAL FISH IMPORTER — BY PAUL CHEESERIGHT

Colour and money from foreign waters

MORIARTY IS not mean nor aggressive, but he does like to be master in his own house. He is a flamboyant lover. Like others of his ilk, he colours vividly when amorous —becomes luminous even. He dances before the object of his desire, seeking to entice her to his love-nest.

His tactics have paid off. In the last nine years or so, he has had up to ten wives. The number of his offspring is uncertain, but runs into hundreds. Such virility, and Moriarty is only 12.

Continuing the new midweek series of articles on unusual jobs.

But Moriarty will never find a place in the Guinness Book of Records. He is not Homo Sapiens but Pseudotropheus Tropheops, a Malawi Cichlid. He is, indeed, the first fish ever bought by Barry Myerscough, an hotelier and tropical fish breeder at Hebden Bridge, Yorkshire.

Moriarty is more of a family pet these days, but he remains at the centre of a business which is rare in the world of ornamental fish. Rare, because Mr. Myerscough breeds fish commercially as well as buying and distributing.

The industry is dominated by imports, and the tropical fish side of it is just part of a trade which also takes in cold-water fish like goldfish and garden fish. Breeding is difficult in the face of competition from places like Singapore, where overheads are low and heating problems non-existent.

Breeding is mainly in the hands of enthusiastic amateurs who do some selling on the side, often to defray the costs of their hobby. Wild fish, taken from the rivers and lakes of South America or Africa, can be expensive—up to £300 a pair. But some companies may again consider the possibility of breeding as import costs rise.

Malcolm Hardy, one of the industry leaders and managing director of Aquatic Nurseries, Hampton, Middlesex, says: "Breeding is easy, it's the growing that's the problem. You need ponds. And for ponds you need space. Ponds under glass are expensive."

There is a world of difference between Mr. Hardy's scale of operations and Mr. Myerscough's tanks. Aquatic Nurseries has 250,000 tropical fish in stock for most of the year. When coldwater fish imports are in season, its fish population rises to a million.

The Hardy fish importing and wholesaling empire is one of the biggest in Europe with an expected turnover in this financial year of £1.75m. This sets it apart from the rest of the industry. Fish importing is largely in the hands of small businesses. The statistics are shadowy, but there are probably about 1,000 importers of tropical fish. They supply more than 1,200 pet shops, of which about one-third specialise in fish.

It is not known how much the nation spends on ornamental fish imports as the industry does not rate a separate category in the annual trade figures. The Pet Food Manufacturers' Association estimates that 7 per cent of British households — 1.2m — keep fish of some sort.

The hobby has been growing in popularity for the last century. It supports magazines like The Aquarist, and gives the three large pet food manufacturers sales of about £600,000 a year. Importers are always dashing to London Airport to pick up new shipments. The fish arrive in cardboard boxes like wine cases. The boxes have an internal layer of polystyrene insulation, inside which is a plastic bag containing about one-sixth water and five-sixths oxygen.

Many of the shipments come from Singapore, Hong Kong and Bangkok, the main centres for the tropical fish trade. Fish to start an aquarist's career include such exotically named species as the grey and velvet black mollies and the olive-green platys.

The Europe-Far East trade is highly developed. In Singapore, some brokers buy direct from the commercial breeding ponds and ship to the *waiting importers.* This worries the purists who prefer fish to come from their natural habitat. They argue that the Singapore fish, for example, are "man-made" and their colours are unnatural. It is said that Singapore breeders use some of the ingredients of the contraceptive pill to induce added vividness. Once the hormonal and Vitamin B complex additions to the fish's diet are stopped, the higher colouring fades.

Mr. Hardy eschews the Far East export stations, as they are called in the trade. He has built up his business by seeking out the unusual in South America and Africa. He has gained the European franchises from some American exporters—and it has all happened rapidly.

For many years he was an amateur aquarist until he turned professional in 1971. Armed with £1,500 insurance money from a car crash, the same amount from a partner, and what he calls "*a little help from the bank,*" he went into business in a back garden.

After a few months he expanded and moved into premises subject to a compulsory purchase order. In the first two years the business lost money. Mr. Hardy bought out his partner in 1974 and never looked back. Profits, he *realised,* could only come if expansion was on a large scale. The fish sales led to other avenues of business, such as books, food and equipment. The selling of the inanimate is less risky than the selling of fish.

The trouble with fish, to put it brutally, is that they die. Wild fish are more vulnerable than the commercially bred creatures from the ponds of Singapore. A fish caught down an obscure tributary of the Amazon may have to travel 1,000 miles before it reaches the export station. The export packaging for the air trip to Europe may be *less than expert,* and acclimatisation is difficult.

In business terms there is a distinct lack of product control. This explains the high but varied mark-ups on the fish as they pass down the distribution chain.

Regulations in the trade are fluid, which worries the big importers. Companies handling between 60 and 80 per *cent of European imports* have founded Ornamental Fish International.

The organisation has worked out a regulatory code for import stations. Working with the UN, it is embarking on a scheme to encourage, in a controlled fashion, exports from the developing world to the industrialised nations. Moriarty and his progeny have entered the world of diplomacy.

Tomorrow: Pillow stuffing.

Mr. Malcolm Hardy tends open-air ornamental fish tanks.

هكذا من الأصل

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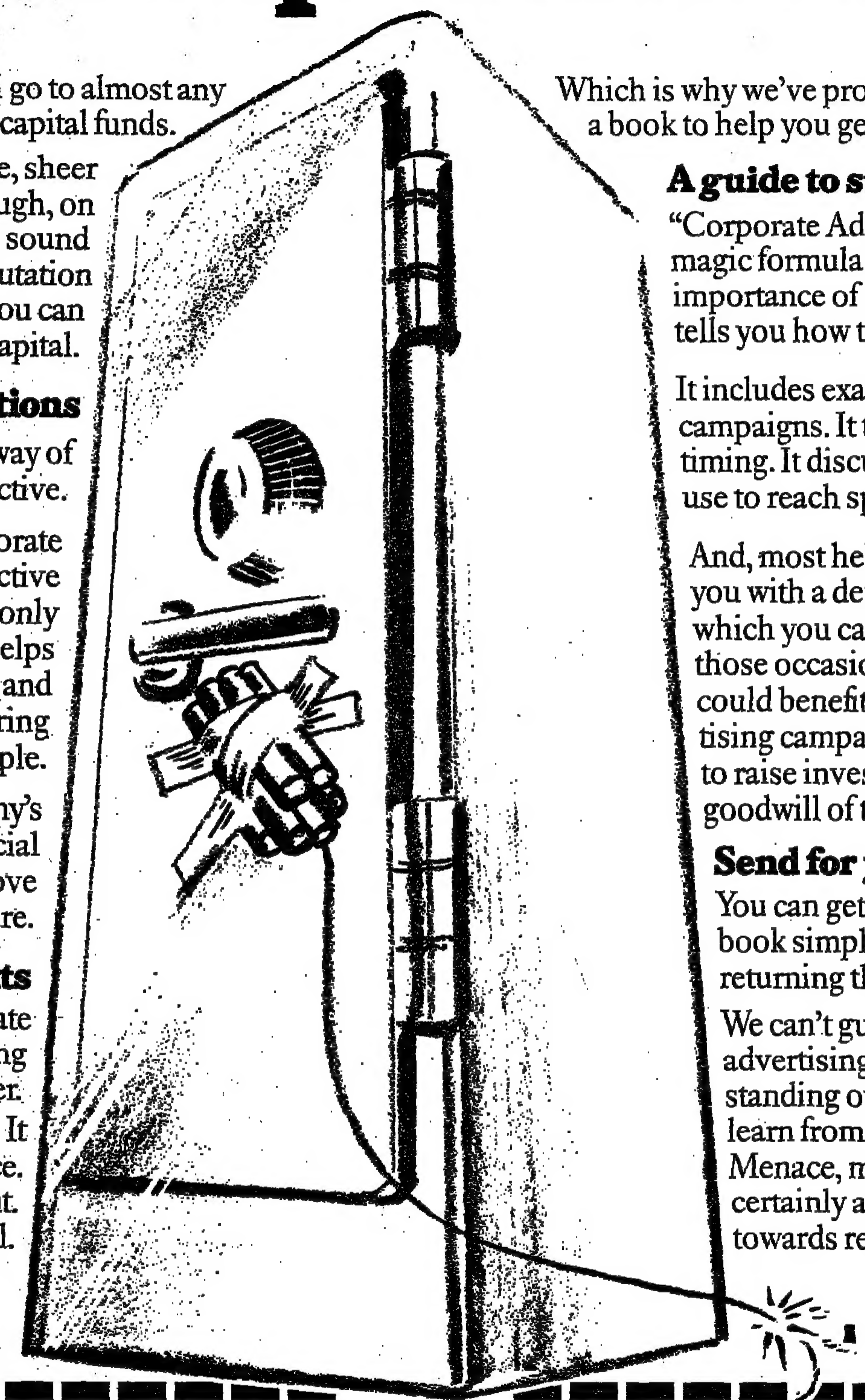

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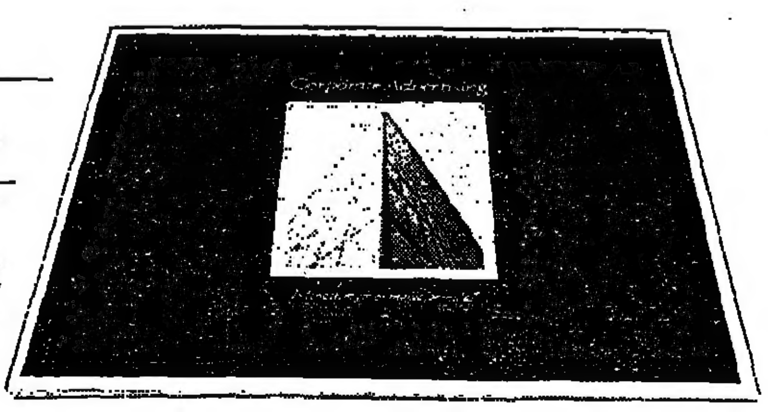

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

Civil Aviation Authority set to raise its fees

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

FEES CHARGED by the Civil Aviation Authority for many of its services to the UK aviation community will have to rise this autumn to meet soaring costs.

But, even so, the authority is likely to incur a bigger loss on its operations for the current financial year than the deficit of £14.9m in 1978-79.

Mr. Nigel Foulkes, chairman of the authority, said in London yesterday that, apart from inflation, one of the main reasons for a deficit was the recent Civil Service pay award. It would add some £20m to the authority's costs this year, and the authority had no control over it. It was not allowed to negotiate its own pay structure with its staff, and was obliged to accept the settlement agreed between the Civil Service unions and Whitehall.

"I do not see how we can absorb all these extra costs by increased efficiency in the course of this year," says Mr. Foulkes in the latest annual report from the authority. "And I fear we shall have to raise some of our charges on the 'controllable' operations in the autumn."

The "controllable" operations are those covering air traffic services for the North Atlantic area, and for airports in the UK, together with safety activities, route licensing and fees for airworthiness and other activities.

The "uncontrollable" operations—where the authority has no say in the charges applied, since these are the prerogative of governments—include traffic control services in the UK airspace, and contributions to European air traffic control (Eurocontrol), together with the costs of running the airfields in the Highlands and Islands of Scotland.

The authority's annual report for 1978-79 shows that on its controllable operations, the authority made a profit of £1.9m. On its uncontrollable operations, the authority incurred a loss of £16.8m—giving a net loss of £14.9m.

This compared with a loss of £15.6m in 1977-78, a £44m loss in 1976-77, and a £53.3m loss in 1975-76.

This progressively declining deficit, in the authority's view, clearly indicates that it is "managing its resources effectively and can stand comparison with many organisations of comparable size in the public and private sectors."

Noise controls tightened

BY MICHAEL DONNE

TIGHTER CONTROLS on aircraft noise will result from a new Government order which becomes effective today.

Called the Air Navigation (Noise Certification) Order, 1979, it makes it possible for the Government to enforce noise controls on propeller-driven aircraft, which have hitherto been outside the scope of such controls.

It also allows the Government to extend the noise controls to small business and executive jet aircraft.

Looking further ahead, the new order will also allow the Government to prohibit, from January 1, 1986, any aircraft on the UK register which has not by that time been given a "noise certificate," declaring that it meets the stringent noise requirements for take-off and landing.

In effect, this part of the new order will mean that many of today's ageing and noisy Boeing 707s, VC-10s, Tridents and One-Eleven jets will have to be phased out of service by that date.

NEWS ANALYSIS—HEALTH CUTS RESISTANCE

The dilemma facing Mr. Jenkin

BY PAUL TAYLOR

THE DECISION of the Lambeth, Southwark and Lewisham Area Health Authority to flout Government requests to cut spending has brought the cash problems confronting health authorities—and the dilemma facing the Government—into sharp focus.

The immediate cash crisis facing some health authorities in England and Wales—and particularly those in London and the South East—reflects the impact of a wide range of factors.

These include the higher-than-expected level of pay and price inflation set against the background of a Government determined to contain public expenditure, the increase in the VAT rate and, perhaps most importantly, changes in National Health Service fund allocations between the 14 regional health authorities.

The announcement yesterday that Mr. Patrick Jenkin, Social Services Secretary, had deferred announcement of his decision on how to deal with the "rebel" area health authority pending further legal considerations serves to highlight the nature of the Government's dilemma. For whatever action Mr. Jenkin decides on will be keenly watched by other health authorities.

The immediate cause of the crisis facing Lambeth, Southwark and Lewisham Area Health Authority is Mr. Jenkin's statement in the Commons ten days ago giving the Government's attitude to health service expenditure in the current financial year.

He made it clear that the Government was not willing to increase the cash limits on the £4.28bn allocated to the 14 regional health authorities for 1979-80, except to cover agreed pay awards.

Under present arrangements, Government funds to pay for the National Health Service are allocated on a yearly basis to the 14 regions which in turn determine specific allocations to the 90 area health authorities.

At the area level, the management of NHS funds is the responsibility of the area health authority members whose chairmen are appointed by the Secretary of State. These area health authorities have widely interpreted Mr. Jenkin's statement as a move to impose spending cuts "by the back door."

Mr. Jenkin himself described his statement as "a spending squeeze" which would result in a shortfall of between £90m and £100m in National Health Service funds this year.

Allocations

Of this £90m to £100m, Mr. Jenkin said between £35m and £40m was attributable to the increase in VAT but the remainder was due to other inflation — the roots of which be laid firmly at the door of the previous Labour Administration.

The reason the four regions —and therefore the area health authorities — in London and the South-East have been particularly hard hit is because they have already been forced to make savings due to changes in the allocation of resources between the 14 NHS regions.

Funds are distributed between the regions based on a formula determined by the Government's Resource Allocation Working Party, one of the key elements of which is population. Although designed to distribute resources more fairly, the formula's impact on the London and South-East regions has recently been particularly severe.

While the operation of the Resource Allocation Working Party formula was broadly endorsed by the Royal Commission on the Health Service's recent report, it also pinpointed the problem facing the four Thames regions which are responsible for many of the postgraduate and teaching hospitals.

The Commission accordingly recommended that an independent inquiry should be set up to study the particular problems facing the London health authorities.

This suggestion may be one which appeals to the Secretary of State as a partial way out of the Lambeth, Southwark and Lewisham Area Health Authority problem since the area includes three teaching hospitals, Guy's, King's College, and St. Thomas's.

Under the 1977 National Health Service Act Mr. Jenkin does have the power to remove the members of an area health authority and appoint his own caretaker special commissioner.

However, if he chooses this course he may face political opposition together with opposition from doctors, trade unions and councillors.

Mr. Jenkin's solution to the problem will be made known today. Whatever course he adopts the issue is unlikely to be forgotten as quickly as he would have wished it to be.

Interest rates caution continues

By Peter Riddell, Economics Correspondent

THE INCREASINGLY cautious City view about the short-term prospects for interest rates is further supported today by a batch of stockbrokers' reviews.

Panmure Gordon and Co doubts that bank lending and the money supply will respond quickly to government measures announced so far, and suspects that further action may be invoked. Specifically, the short-term interest rate prospect is not encouraging.

The review says "the question of whether present monetary policy is too relaxed (that is ineffective) or merely delayed in its impact may nonetheless be resolved by the authorities acting to pre-empt any doubts."

These comments highlight the change in analysts' views in the last month.

Previously there had been hopes that bank lending would quickly become less buoyant so that short-term interest rates could soon decline. But now there is much greater caution—highlighted by the warning on Monday in Barclays Bank financial review about a possible rise in short-term rates.

Sheppards and Chase, another firm of stockbrokers, says that it will not be until the November banking figures are published—just before Christmas—before there are "the first reasonably reliable indications of a fall in bank lending even if, as is likely, one has been under way by then for some time." This is partly because of various distortions.

Oil impact

The firm concludes that the fall in short-term interest may be later and slower than generally expected.

In a new review of the impact of oil and financial markets, Wood Mackenzie, stockbrokers, says that increase in the surplus available to the oil-producing States may cause some problems.

A large part of the increase in the surplus is likely to be held at first in short-term financial markets. This implies an increased reliance on the international banking system to recycle funds to the less developed countries.

"At present, lending margins are narrow. Smooth recycling of funds to borrowers such as the less developed countries may necessitate increased returns to the banks involved if they are to be adequately rewarded for the risks undertaken.

"Another effect may be to worsen the volatility of exchange rates. In the short-term sterling, which is already overvalued on a fundamental view, may be pushed even higher, thus increasing its vulnerability to a sharp and painful downward correction if sentiment changes."

General Motors UK profits fall

By Kenneth Gooding, Motor Industry Correspondent

GENERAL MOTORS of the U.S. has injected a further £10m into its UK subsidiary by way of low-interest, long-term loans.

The annual report of General Motors of the UK also shows that taxable profits fell from just over £10m to £8.674m in 1978.

Turnover just kept pace with inflation and rose 13 per cent from £171.5m to £194.4m.

GM Ltd. is responsible for the AC Delco components business; the Detroit Diesel Allison operation, which assembles diesel engines and adapts American-built Allison transmissions for Europe; sales of Opel cars in the UK, and owns GM Ireland.

The Frigidaire refrigeration operations have been phased out, so turnover from this business in 1978 dropped from £10.5m to £1.7m.

GM Ltd. components were hit by the nine-week Ford strike last autumn.

In spite of this AC Delco turnover improved by 18 per cent from £90.4m to £106.4m last year. The Opel Marketing Unit rose 38 per cent from £40.9m to £56.4m. Detroit Diesel Allison sales fell from £24.3m to £23.3m.

GM in the U.S. collected a £3.577m interim dividend (£1.825m in 1977) but there was no final dividend payment.

The two loans from GM in the U.S. involved £7m at an interest rate of 7 per cent and £3m at 6½ per cent, both repayable in March 1988.

As a result GM Ltd. was able to reduce bank overdrafts from £22.4m to £10.7m.

BM Ltd.'s exports last year rose from £40.3m to £44.5m, and the average number of employees was slightly down from 8,807 to 8,489.

Profit retained for the year dropped from £5.9m to £3.24m. This means that the profit retained in the business rose from £11.67m to £14.9m. The end-1978 balance sheet showed net assets at £31.3m (£18.54m).

CBI SURVEY OF INDUSTRIAL TRENDS

Export optimism falls sharply

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

OPTIMISM ABOUT the general business situation in manufacturing industry has "deteriorated to a significant extent" according to the Confederation of British Industry's quarterly industrial trends survey published yesterday.

In particular, optimism about export prospects over the coming year has "weakened sharply," and a lack of price competitiveness is making the problem more serious.

Investment intentions are weakening, and there are also indications of a drop in the numbers employed. Increases in unit costs and in average domestic selling prices have also become more widespread.

These are the main points in the survey which was conducted among 1,891 manufacturing companies employing 3m people during the first half of July, when industrialists had had time to absorb the implications of both the Budget and the OPEC oil price rises.

"While there has been an improvement in activity levels with capacity utilisation recovering to its highest level for over five years, the prospects for the coming months for orders and output are weak," says the survey.

Implications

"This may, in part, reflect the temporary impetus to activity, arising from the recovery after the dislocation earlier this year coming to an end."

Summarising the implications of the survey, the CBI says: "Over the next few months the support to demand due to the recovery from the strikes will come to an end, while we expect consumers' expenditure and other components of domestic demand to fall back from their levels of the second quarter. As a result of this, taken together with poor export prospects, manufacturers now expect a weakening in levels of activity."

Turning to the implications for profitability, the CBI says: "In the coming months already weak industrial profitability will in addition be affected in various ways by the rise in sterling and the increases in world prices of primary products that have taken place recently."

A below average number of companies believe they will be able to raise their export prices in the next four months. This means, says the CBI, that "the outlook for company profits, particularly in exporting industries, is therefore very depressed."

Analysis of the detailed returns in the survey show that 12 per cent of the companies completing the CBI questionnaire are more optimistic about the general business situation than they were four months ago, and 34 per cent are less optimistic. The resulting balance of minus 22 per cent indicates a sharp drop in business confidence, even though 53 per cent of the respondents said their optimism had not changed in the past four months.

Large companies have become more pessimistic than small businesses, and only seven of 44 industry groups in the survey indicate greater optimism—among the seven is coal and petroleum products which report a significant improvement.

On investment, there is a slow decline of companies intending to increase their capital authorisations on both plant and machinery. There is only a balance of plus 8 per cent in the number of companies planning to invest more, rather than less, in the next 12 months than they did in the past year on plant and machinery. On buildings, there is a negative balance with 9 per cent expecting to invest less rather than more.

"The results of the survey, although only partly referring to investment in 1979, may indicate some downward revision to investment plans for the rest of the year" concludes the CBI.

"For the early part of 1980, these results suggest that the rate of investment growth will slow further. However, there is no evidence yet from the investment intentions contained in the survey results of sharp falls in investment for the private manufacturing sector as a whole."

On employment, the proportion of companies expecting a decline during the next four months points to falling employment levels in manufacturing industry, says the report.

The downward trend is more marked in larger companies and in the metal manufacturing industry. Instrument engineering is the only industry with a markedly strong upward trend in future employment expectations.

The balance of companies reporting an increase in the volume of new orders has fallen from plus 11 per cent in April to plus 6 per cent. It is assumed that the better April return indicated a recovery in orders after the winter's strikes. Consumer industries have shown the best results, but overall a weakening of demand is expected over the next four months, especially in intermediate industries.

Capacity utilisation improved again during the past three months with only 51 per cent of companies in the survey saying they are working below a satisfactory full rate of operation. This compares with 55 per cent in April, 61 per cent in January, and 64 per cent a year ago.

The current figure indicates the highest rate of capacity utilisation since April 1974, when industry was recovering from the three-day week, and is similarly ascribed to "temporary catching up" following last winter's strikes.

Shortages

Looking ahead, shortages of orders and sales are listed as the main constraint to output over the next four months.

Shortage of skilled labour remains the second most important constraint but, says the CBI, is now mentioned by a lower proportion of participants than would be expected on the basis of the past relationship with the level of capacity working. Nevertheless, the problem is serious for companies in businesses such as agricultural machinery, constructional steelwork, instrument engineering, and hosiery and knitwear.

On exports the survey shows that only 7 per cent of the companies affected are more optimistic about prospects for the next year than they were four months ago. While 45 per cent report no change in their view, 47 per cent are now less optimistic.

The resulting balance of minus 40 per cent is the worst result since this question was first asked in June 1961. The deterioration is spread across manufacturing industry with only two of the 44 sectors saying their prospects have improved.

There appears to have been little change in the volume of new export orders in the past four months but a decline is indicated for the next four months, especially in intermediate industries such as metal manufacture and textiles.

"Of the factors which are likely to limit the ability of companies to obtain new export orders over the next four months, prices relative to those of overseas competitors continues to be by far the most important," says the survey report.

"This constraint is itemised by 69 per cent of participants, a record for this question which was first introduced in June 1964." Smaller companies and those in intermediate industries seem to be worst affected, says the CBI.

CBI Industrial Trends Survey. July 1979. No. 73. Full results annual subscription £75 (CBI members £30). CBI, 21 Tothill Street, London SW1.

General replies

TOTAL TRADE—1,891 respondents. All figures are percentages on a weighted sample. Figures in parentheses show the response to the survey carried out last May.

	More	Same	Less
Are you more, or less, optimistic than you were four months ago about the general business situation in your industry?	12 (21)	53 (64)	34 (15)

Do you expect to authorise more or less capital expenditure in the next 12 months than you authorised in the past 12 months on:	More	Same	Less	N/A
(a) Buildings	21 (24)	38 (36)	30 (30)	10 (10)
(b) Plant and machinery	34 (37)	39 (38)	26 (25)	1 (1)

	Yes	No	N/A
Is your present level of output below capacity (i.e. are you working below a satisfactory full rate of operation)?	51 (55)	49 (44)	— (1)

Excluding seasonal variations, do you consider that in volume terms:

	Above normal	Normal	Below normal	N/A
(a) Your present total order book is	18 (20)	49 (48)	30 (30)	2 (2)

	More than adequate	Adequate	Less than adequate	N/A
(b) Your present stocks of finished goods are	15 (15)	55 (58)	15 (13)	15 (14)

Excluding seasonal variations, what has been the trend over the past four months, and what are the expected trends for the next four months, with regard to:

	Trend over past four months: Up	Same	Down	N/A	Expected trend over next four months: Up	Same	Down	N/A
Numbers employed	18 (17)	50 (47)	32 (36)	— (—)	13 (19)	58 (55)	28 (25)	— (—)
Volume of total new orders	30 (32)	42 (45)	24 (21)	4 (2)	17 (25)	52 (63)	27 (11)	4 (2)
of which: Domestic orders	32 (33)	46 (47)	20 (19)	2 (2)	17 (23)	57 (65)	24 (10)	2 (2)
Volume of output	26 (26)	59 (54)	13 (18)	2 (1)	22 (30)	58 (62)	18 (6)	2 (1)
Volume of domestic deliveries	35 (30)	48 (49)	17 (20)	1 (1)	25 (32)	57 (60)	18 (7)	1 (1)
Stocks of: (a) Raw materials and brought in supplies	30 (24)	51 (57)	17 (18)	2 (2)	13 (16)	62 (70)	22 (12)	3 (2)
(b) Work in progress	26 (24)	54 (56)	13 (14)	7 (6)	12 (16)	62 (65)	18 (12)	7 (6)
(c) Finished goods	24 (20)	44 (47)	18 (21)	14 (12)	13 (19)	54 (53)	19 (16)	14 (12)
Average costs per unit of output	78 (75)	20 (20)	1 (2)	1 (2)	77 (74)	21 (22)	1 (2)	1 (2)
Average prices at which: Domestic orders are booked	67 (59)	29 (38)	3 (2)	1 (2)	66 (66)	31 (31)	1 (1)	2 (2)

Approximately how many months' production is accounted for by your present order book or production schedule?

Less than 1	1-3	4-6	7-9	10-12	13-18	More than 18	N/A
11	44	18	5	2	2	1	17
(11)	(42)	(17)	(5)	(2)	(3)	(1)	(18)

What factors are likely to limit your output over the next four months?

Orders or sales	Skilled labour	Other labour	Plant capacity	Credit or finance	Materials or components	Other
70	21	5	15	2	9	4
(63)	(23)	(6)	(16)	(3)	(8)	(3)

Factors likely to limit your capital expenditure authorisations on buildings, plant and machinery over the next 12 months:

(a) I have adequate capacity to meet expected demand	70 (73)
(b) Although I have adequate capacity, I have also capital investment opportunities which would be profitable at the present cost of finance, but I shall not be undertaking some of them for the following reasons:	
(i) Shortages of internal finance	6 (8)
(ii) Inability to raise external finance	1 (1)
(iii) Shortage of managerial and technical staff	1 (3)
(iv) Shortage of labour	2 (3)
(v) Other	1 (1)
(c) My capacity is not adequate to meet expected demand but I do not intend to increase my capacity. This is for the following reasons	3 (4)
(i) Not profitable because of the cost of finance	— (1)
(ii) Shortage of internal finance	1 (—)
(iii) Inability to raise external finance	— (—)
(iv) Shortage of managerial and technical staff	— (—)
(v) Shortage of labour	1 (1)
(vi) Other	2 (2)
(d) None of the above is applicable	27 (23)

Export trade

Companies completing these questions have direct exports exceeding £10,000 per annum. Number of respondents 1,355.

	More	Same	Less	N/A
Are you more, or less, optimistic about your export prospects for the next 12 months than you were four months ago	7 (19)	45 (54)	47 (26)	1 (1)

Excluding seasonal variations, do you consider that in volume terms:

	Above normal	Normal	Below normal	N/A
(a) Your present export order book is	16 (21)	44 (41)	36 (35)	4 (3)

Excluding seasonal variations, what has been the trend over the past four months, and what are the expected trends for the next four months, with regard to:

	Trend over past four months: Up	Same	Down	N/A	Expected trend over next four months: Up	Same	Down	N/A
Volume of total new export orders	24 (27)	47 (44)	26 (26)	3 (4)	17 (25)	52 (53)	28 (18)	3 (4)
Volume of export deliveries	31 (24)	45 (45)	23 (28)	2 (2)	28 (32)	47 (54)	24 (12)	1 (2)
Average prices at which export orders are booked	47 (51)	40 (40)	11 (6)	2 (2)	49 (52)	37 (39)	12 (7)	2 (3)

What factors are likely to limit your ability to obtain export orders over the next four months?

Prices (compared with overseas competitors)	Delivery dates	Credit or finance	Quota and import licence restrictions	Political or economic conditions abroad	Other
69	14	7	11	37	12
(67)	(17)	(8)	(12)	(33)	(12)

Scottish investment likely to fall fast

BY RAY PERMAN, SCOTTISH CORRESPONDENT

CAPITAL INVESTMENT in Scotland is likely to decline more quickly than expected, according to the CBI survey for Scotland published yesterday.

Recent economic predictions had indicated that the rising trend of investment over the last year would continue at least until the beginning of winter and thereafter decline due to high interest rates and a generally gloomy economic outlook.

But the survey shows that investment intentions have weakened markedly since April when the last questionnaire was sent out.

Only 17 per cent of companies expected to authorise more spending on building in the next year than they had done in the last 12 months and only 25 per cent said they would spend more on plant and machinery. In April the figures were 27 and 31 respectively.

The most important factor contributing to this drop in confidence appears to be pessimism about the level of future export sales, probably due to the continued strength of sterling.

The Government's cuts in regional aid which, because they have been announced in advance, might have been expected to prompt a short-term investment rush to take advantage of still available grants, do not seem to have had this effect.

Some 52 per cent of companies said they were less optimistic about export prospects than they had been in April. Only 4 per cent were more optimistic.

In the domestic market, 30 per cent said they were less optimistic and only 8 per cent were more so.

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Engineers claim partial success

BY ALAN PIKE, LABOUR CORRESPONDENT

THE Amalgamated Union of Engineering Workers claimed yesterday that some employers have already conceded in full the pay and conditions claim on which engineering workers throughout the country began industrial action this week.

Mr. Tery Duffy, president, said that reports were being received of "many firms nationwide" agreeing not only the claim for a new minimum craft rate of £80 but also other elements of the Confederation of Shipbuilding and Engineering Unions' demand—including one hour off the working week this year.

The AUEW executive yesterday granted exemption from the dispute for companies which have said they will meet the claim. Although Mr. Duffy said they included employers in Manchester, Birmingham and three in London he would not name them.

"If it were not for the holiday period I would anticipate many more employers applying for dispensation," he said.

The suggestion that companies were breaking ranks and settling was, however, rejected yesterday by Mr. Anthony Frodsham, director-general of the Engineering Employers Federation. He called upon Mr. Duffy to name companies.

Mr. Frodsham said that due to demands from employers he was issuing a solidarity call and had every reason to believe this was being followed. He was also asking member companies to explain to their employees the full facts of the dispute and was sure this would lead to them beginning to question the wisdom of the unions' leadership.

The Confederation is seeking, in addition to a £80 per week national minimum craft rate and an hour off the working week, two days extra holidays and a common implementation date for the new agreement. Although the employers have offered to raise the minimum from £60 to £70, the union leaders are under strong pressure, as a result of conference decisions, to fight for the claim in full.

A national overtime ban throughout the industry began on Monday and the first of a series of national one-day strikes starts next Monday.

Mr. Duffy said yesterday that the overtime ban was already biting and would be hitting inefficient employers more than the efficient. He expected 100 per cent support for next week's stoppage.

"If we are going to prevent an exodus of manpower from the engineering industry it is incumbent on all employers to meet the claim. We have got to make a breakthrough," he said.

● In the electricity supply industry negotiations, the Transport and General Workers' Union said yesterday that a "rotation of misery" could begin on August 8 if the Electricity Council and the unions do not reach a settlement at pay talks on Friday.

Mr. Tom Crispin, TGWU national secretary, said: "We are recommending that the action should take the form of area strikes on a geographical basis. But we would take account of the need to maintain essential services, such as hospitals." Areas would be hit on a daily or longer basis and by rotation.

Mr. Crispin said any offer would need to match the increase given to the electrical engineers who are to get staged rises of up to 23½ per cent.

Pilkington stands firm on its offer

BY OUR LABOUR STAFF

PILKINGTON refused yesterday to improve its pay offer for 8,000 process workers.

A 24-hour strike by the workers is expected to go ahead next Tuesday. Officials of the General and Municipal Workers' Union, which represents the workforce, have warned of the possibility of an indefinite strike.

Pilkington, the UK's largest flat glass manufacturer, said production would be halted during the strike at each of the sites where the General and Municipal was recognised. These included St. Helens, Doncaster, St. Asaph in Wales and Glasgow.

The company said it was disturbed that "contrary to custom" there would be no safety cover provided during the strike. Fire, ambulance and maintenance personnel would not be working.

The process workers rejected by three to one an overall offer of 15 per cent in a deal similar to that offered to craftsmen and white-collar staff. The proposed increase on basic rates of 11 to 12 per cent was unacceptable.

The company said no worker would receive less than 11.5 per cent on basic rates. The weekly flat wage for the lowest paid employee would rise from £63.52 to £70.82. Pay for a typical shift worker on an average of five hours overtime would increase from £105 to more than £120.

Pilkington argued that new shift rates fixed earlier this year, together with a new £4 productivity payment, would lift the total wage bill for process workers by 20 per cent.

Lloyds judgment reserved

LORD DENNING, Master of the Rolls, has reserved judgment [in] a pension scheme test case ov[er] a bank's alleged contraventi[on] of the Equal Pay Act and t[he] Treaty of Rome.

Lloyds Bank took the case [to] the Court of Appeal after [an] employment appeal tribu[nal] found against it last Novem[ber] in a case involving two wo[men] bank clerks.

Customs officers fight cuts

By Our Labour Staff

INDUSTRIAL action by customs officers which could affect air and sea travel will be announced today by a civil service union.

The action, in protest at staff cuts, is likely to include a work-to-rule by the 17,000 Customs and Excise members of the Society of Civil and Public Servants. It is expected to last for a few weeks.

Union officials claim that the Customs and Excise Department is planning to cut its staff by about 1,800 this year, and the review of Civil Service numbers now being undertaken could increase that figure.

● The Glasgow branch of the Civil and Public Services Association at the headquarters of the Department of National Savings yesterday rejected reported Government plans to cut jobs at the Department's premium bond computer, ERNIE.

Times workers' decision will take at least two weeks

BY ALAN PIKE, LABOUR CORRESPONDENT

THE NATIONAL Society of Operative Printers, Graphical and Media Personnel is to circulate copies of the return-to-work proposals at Times Newspapers to its 2,500 members at the company before they vote on them.

Mr. Edward O'Brien, the union's national assistant secretary, said yesterday that a report that the proposals had already been rejected by leaders of the union's chapels (office sections) was "absolutely untrue." A decision on the formula would be taken by NATSOPA members and, because of the large numbers involved, this could not be concluded in less than about 14 days.

The union wants all its Times Newspapers members, who along with other employees were dismissed after the company suspended publication last November, to see the proposed peace formula before they vote on it at chapel meetings.

It has always been accepted that some of the NATSOPA chapels would present the peace formula, agreed between national union officials and management on Friday night, with its toughest tests.

Mr. O'Brien, announcing that the formula would be circulated to all members, said that "any speculation or distortion of the situation could only be described as harmful and detrimental to the best interests of 2,500 NATSOPA members" at Times Newspapers. NATSOPA chapel officials will meet to consider the peace formula today. It is possible that they will decide to seek changes in the proposals and ask NATSOPA officials to present these to the management.

The formula—which would lead to the reinstatement of dismissed staff once it had been accepted by all unions—will also be considered today by the national council of the National Graphical Association.

● The Sun newspaper lost more than 2,300,000 copies of yesterday's edition when members of the Society of Graphical and Allied Trades objected to a report claiming that their union's "tight grip on recruitment" meant that jobs could not be filled. Production ceased after the editor refused a request from a meeting of SOGAT members that the report should be removed.

According to the report, Mr. Bert Hardy, managing director of News Group, which publishes the Sun, sent a telegram to SOGAT—with copies to Mr. James Prior, Employment Secretary, and Mr. Len Murray, TUC general secretary—complaining that the newspaper had been short-staffed on 111 nights out of 125 since March.

Mr. Bill Miles, a national official of SOGAT, said yesterday that if there was a shortage of labour in any national newspaper office, including The Sun, the union was quite willing to talk to the management about an agreement to provide proper manning levels. "We would be quite happy to end the casual labour system if we get proper manning levels."

TV union given 15% pay offer

By Gareth Griffiths

THE INDEPENDENT television companies have made a pay offer thought to be worth about 15 per cent to the Association of Cinematograph, Television and Allied Trades.

The association has been carrying out surprise industrial action, which has blacked out some ITV programmes. Details of the new offer will be circulated to branches without a recommendation. The offer was made on Monday by the Independent Television Companies Association on behalf of the 15 commercial stations.

Officials of the 20,000 strong union will meet late this week to decide whether or not to recommend the offer. ACTT negotiators met after Monday's talks but failed to agree on any recommendation.

Both the ACTT and ITCA remained silent yesterday about details of the offer. ACTT had been pursuing improvements in working and rest conditions.

The Electrical and Plumbing Trades Union and the National Association of Television, Theatrical and Kine Employees are consulting their members this week over an estimated 15 per cent offer made last Friday.

Prior says reforms 'no threat to TUC'

MR. JAMES PRIOR, Employment Secretary, yesterday rejected the TUC claim that the proposed trade union laws were a "major incursion" into unions' rights.

But he made it clear that the Government would act to limit picketing and extension of the closed shop "in ways which have given rise to widespread public concern."

There would be no point in putting forward the proposals if they did not, he told Mr. Len Murray, TUC general secretary, in a letter answering the TUC response to the proposed laws.

Mr. Patrick Mayhew, junior Employment Minister, said in a speech in London yesterday that the Government was not "seeking confrontation" with the unions.

In his letter to the TUC, Mr. Prior said: "I am surprised the TUC general council should regard these proposals as other than 'limited' compared with the legislation on industrial relations carried by previous administrations of either party, and notably by the last Labour Government."

It was true — as the TUC stated — that the Government was reviewing trade union immunities, particularly over "secondary" action.

The proposals were part of a wider approach to "get the country moving again" with a "better balanced framework of legal rights and obligations within which unions can operate effectively and responsibly."

But they did not represent "a major incursion into basic trade union rights." They were intended to be directed at particular problems that needed to be remedied.

Mr. Mayhew, in a speech to the Society of Civil and Public Servants in London, attempted to calm TUC fears that all industrial action will be threatened by allowing employers and others to sue for breach of commercial contract through strikes or other action.

"We are not suggesting that the right to picket peacefully at your place of work should be removed, nor are we creating any new criminal offence beyond those which already exist," he said.

"We intend that the livelihoods of workers not connected with the dispute shall be protected."

The Government was not planning to outlaw the closed shop but future closed shops would need the "overwhelming" support of employees before they could be introduced, and existing employees would be protected.

Magistrates courts face clerical action

MAGISTRATES COURTS outside London may have to suspend their sittings because of selected industrial action by members of the Association of Magisterial Officers from today.

Mr. Colin Jeeves, president of the 4,500-strong association, said his members would take selective action, but no full-scale walk-out was planned. Some courts might be forced to suspend hearings or be unable to sit because of the staff action.

One of the options most likely to be introduced was a work-to-rule. Three-quarters of the members are clerical and administrative staff, and the remainder sit as justices clerks' assistants.

The local authorities have offered a pay deal worth about 12 per cent, with 9.4 per cent new money and the rest from restructuring.

There is also a promise of a reference to the Clegg Commission on comparability with the findings to be implemented in full by next January. The settlement was due for agreement on July 1.

A meeting of both sides at the Advisory, Conciliation and Arbitration Service last Thursday failed to produce an agreement. Pay talks collapsed on July 20, and the local authorities say they cannot improve their offer. No further talks are planned.

Perkins to set up study base

THE Perkins Diesel Engines Company is to establish a marine engine research base at Wisbech, Cambridgeshire. It has asked Fenland Council for planning permission to build its headquarters on the River Nene, which will include fuel storage tanks and a ship-to-shore radio link.

Perkins marine engines are exported world-wide and it has bought a 57 ft motor cruiser as part of a £6m research programme to enable engineers to monitor engine capabilities.

Bid to speed up tunnel traffic

AN EXPERIMENT on improving the traffic flow in the Blackwall Tunnel is to start on Monday, the Greater London Council said yesterday. For three weeks, northbound traffic of under two tons heading for north of East India Dock Road will be able to use one lane of the southbound tunnel.

The experiment is organised jointly by the GLC and the police. It aims to reduce the long delays to northbound traffic during the morning peak hours.

SE England industry plea

THERE IS a "vital" need for more industrial development in south-east England, says a South East Economic Planning Council report, which will be sent to the Industry Secretary.

The council says there is now "a much weaker case for holding back development in the region than ever before."

More urged to join work scheme

BY PHILIP BASSETT, LABOUR STAFF

THE MANPOWER Services Commission is to make a new effort to persuade more well-known companies to provide work experience for school-leavers and the long-term unemployed.

A report published yesterday by the commission, on the first year of its youth opportunities programme, and special temporary employment programme, criticises private sector employers, particularly in manufacturing, for failing to participate fully in the scheme.

Mr. Richard O'Brien, commission chairman, is to approach the chairmen of the major companies which have so far been reluctant to join the schemes.

Only about 10 per cent of companies participate in the YOP are large, well-known. Some such as GEC, ICI and Marks and Spencer, are picked out by the commission for their participation, but officials said that many others are either doing nothing or very little.

The commission wants larger companies to participate because they offer more varied work experience and because their personnel and education departments provide important back-up work.

The commission is confident that in spite of cuts in finances imposed by the Budget and the Government's insistence on staff savings, which could lead to cuts of 10, 15 or 20 per cent, the future of the YOP is not in doubt. Officials have less confidence about the future of STEP, though, which could disappear should a 10 per cent cut be imposed on the commission's special programmes division.

Mr. Geoffrey Holland, special programmes director, said that if unemployment rose towards 1.7-2m this year, the rate among school leavers could rise three times as fast. Though the numbers of school leavers unemployed was down at about 200,000, that figure disguised wide regional variations.

In Wales, Scotland and the North, for example, there were about 120,000 unemployed school leavers and only about 7,000 vacancies notified to the careers service.

The commission, though, was determined to expand the YOP, which last year helped more than 162,000 young people without jobs to get work experience. The expansion would allow it to help about 210,000 young people.

The STEP, which provides 12 months' work for long-term unemployed adults, gave temporary jobs to 19,700 people last year, though the commission admits that less than half of those taking part came frm its priority groups of 19- to 24-year-olds unemployed for six months, and those over 25 unemployed for a year.

The commission's report notes full trade union support for the programmes, except for local level difficulties which have con tributed towards the lack of manual opportunities in manufacturing, and for the Civil and Public Services Association, the largest Civil Service union, which has prevented Government departments or agencies setting up schemes.

The gross costs of the schemes, not taking into account unemployment or supplementary benefit savings, were estimated at £63m for the YOP and £10m for the STEP.

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JARDINE JAPAN INVEST[ME]NT TRUST LIMITED

PRESS RELEASE

The net asset value of shares [of J]ardine Japan Investment Trust Limi[ted] as at 30th June, 1979, was 130.6 [pen]ce per share and not 141.1 pence, quoted in Columns 6 and 7 of the m[onth]ly Net Asset Value Table of the As[socia]tion of Investment Trust Companies [publi]shed in the 20/7/79 edition of the Fina[ncial] Times. The correct Total Assets fig[ure] (Column 1) of the above-mentioned [...] and Investment Currency Prem[ium ...] (Column 8) should be £15.6 [mi]llion and 10.4 pence, respectively.

THE GREAT NORTHERN T[ELE]GRAPH COMPANY'S HOLDING C[OM]PANY LIMITED, OF DENM[AR]K

The Ordinary General Me[etin]g will be held at the Company's Offic[e] in Copenhagen on Monday, the 27th A[ug]ust 1979, at 3.00 p.m.

AGENDA

1. Report of the Company's [activ]ities during the past year.
2. Presentation of the audit[ed a]ccounts.
3. Passing of the Profit and [Lo]ss Account and Balance Sheet, and giv[ing d]ischarge to the Board of Direct[ors] and the Board of Management.
4. Proposal for distribution [of] profit for the past financial year, [an]d fixation of dividend.
5. Proposal by the Board th[at] the share capital be increased from [kr.] 25.2 mill. (£1.4 mill.) to kr. [32].76 mill. (£1.82 mill.) by an issu[e of kr]. 7.56 mill. (£0.42 mill.) bonu[s s]hares. The bonus shares will be a[llo]tted to the holders of the existing [sh]ares in the proportion of one new [sha]re of kr. 54 (£3) for every kr. 180 [(£]10) of shares held, against the presen[tat]ion of Coupon No. 4. The nomina[l] values of the new shares will be kr. [5]4 (£3), kr. 90 (£5), or multiples th[er]eof. The bonus shares shall entitle t[he] holders to half of the dividend for [the] accounting year 1979/80 and shall [ran]k pari passu in all respects with ex[istin]g shares. Shareholders who[se] holdings of shares do not allow [al]lotment of bonus shares in the exa[ct] proportion above may either sell ex[cess] fractional bonus rights pertaining t[o th]eir shares or buy supplementary bo[nus] rights.
6. Proposal by the [Boa]rd of Directors for amendment to Ar[tic]le 4 of the Articles of Association c[onc]erning the amount of the share capi[tal,] and for an increase of the amount [t]o which the Board is authorised [to] increase the share capital, from kr. 37,800,000 (£2,100,000) [to] kr. 49,140,000 (£2,730,000). [Th]e proposal is a consequence of [the] proposal under item 5 and is su[bjec]t to the adoption of that proposal. Amendments to the Articles of Association proposed unanimously by the Board of Directors may in acc[ord]ance with Article 14, paragraph [...], be adopted by such majority as [p]rescribed in Section 78 of the Dan[ish] Companies Act. Consequently, th[e p]roposal for amendment to the Articl[es] of Association shall be adopted i[f p]assed by a majority of not less than [tw]o-thirds of the votes cast and of th[e a]mount of the share capital represent[ed] at the meeting as carrying voting r[ights].
7. Election [of] the Board of Directors.
8. Election [of] two auditors for the current year.

From [...] 10th August, 1979, the agenda [and] the proposals to be submitted [to] the General Meeting, the annual a[cco]unts, and the auditors' report will be [op]en to the inspection of the sharehol[der]s at the Company's offices.

Card[s] of admission may be obtained from [the] Company's offices (in London, 5, St. [H]elen's Place, not later than five days [be]fore the General Meeting) on share[hol]ders proving their rights as such. Share[hol]ders who have acquired their share[s] by voluntary transfer shall only be e[ntit]led to vote at the general meeting [if] their ownership of the shares has bee[n] recorded in the Company's register [for no]t less than three months pri[or] to the general meeting.

[... a] director is employed with the Company under a contract of service.

The Board of Directors of [TH]E GREAT NORTHERN TELEGRAPH COMPANY'S HOLDING COMPANY, Limited, of Denmark.

WEST RA[N]D CONSOLIDATED MI[N]ES LIMITED
(Inc[or]porated in the Republi[c] of South Africa)
CO[U]PON No. 96

HOLDERS [OF] SHARE WARRANTS TO BEARER [ar]e informed that they will, on or [aft]er the 10th August, 1979, be pai[d] 3.277465p per share, viz., 3.85584[p, t]he amount declared per share [le]ss 0.578375p being South African non-resident shareholders' tax of 15%, against surrender of Coupon No. 96.

Coupons m[ust] be deposited for THREE CLEAR DAYS for inspection before paymen[t w]ill be made:—
In London [at N]ational Westminster Bank Ltd., [S]tock Office Services, 5th Floor, [Dr]apers Gardens, 12 Throgmorton Avenue, E.C.2.
In Paris at Credit du Nord, 6 [&] 8 Boulevar[d] Haussmann, Paris (9e).
In Basle at [Sw]iss Bank Corporation.
In Zurich at [Cr]edit Suisse.

Coupons belo[ngin]g to holders resident in Great [Bri]tain and Northern Ireland will be [paid] as follows:—

Amount of Div[ide]nd after deduction of S[outh] African non-resident [share]holders' tax of 15%	3.277465
Less: United K[ing]dom Income Tax of 1[5%] on the Gross Amount [of t]he dividend of 0.578375	
amount	2.69909

Listing forms [can] be obtained from the National Wes[tmi]nster Bank Limited, at the addre[ss] shown above.

BY [OR]DER
GENERAL MIN[ING] AND FINANCE CORP[OR]ATION LIMITED
[Lo]ndon Secretaries
per L. J. Baines

30 July, 1979.
London Office
Princes House
95 Gresham Stree[t]
EC2V 7EN.

NOTE Under the [dou]ble tax agreement between th[e U]nited Kingdom and the Republic [of So]uth Africa, the South African [non-r]esident shareholders' tax applic[able] to the dividend is allowable [as a] credit against the United Kingdo[m] tax payable in respect of the divid[end]. The deduct[ion] of tax at the redu[ced] rate of 15% instead of at the b[asic] rate of 30% represents an allow[anc]e of credit at the rate of 15%.

JUGOBANKA UNITED BANK
(formerly Jugobanka)

FLOATING RATE NOTES DUE 1983

In accordance with Condition 5(e) of the notes, Notice is hereby given that pursuant to the terms of the Purchase Agency Agreement between Loeb Rhoades Hornblower International Limited (the "Purchase Agent") and Jugobanka United Bank (the "Bank") no Notes have been purchased during the 12 months ending August 1st, 1979.

Further to the Notice of September 3rd, 1978, the $1,490,000 nominal amount referred to therein has yet to be cancelled and accordingly $19,550,000 Principal amount of the issue remains outstanding as at August 1st, 1979.

By: THE CHASE MANHATTAN BANK N.A., London
as Fiscal Agent
August 1st, 1979.

JUGOBANKA UNITED BANK
(Formerly Jugobanka)

FLOATING RATE NOTES DUE 1983

In accordance with the provisions of the Notes notice is hereby given that for the six months interest period August 1st, 1979 to February 1st, 1980 the Notes will carry an interest rate of 12¼% per annum. The interest payable on the relevant interest payment date, February 1st, 1980 against Coupon No. 5 will be as follows.

Notes in denominations of US$100,000: $6,325.00

Notes in denominations of US$10,000: $632.50

Notes in denominations of US$1,000: $63.25

By THE CHASE MANHATTAN BANK, N.A., LONDON
as Fiscal Agent and Agent Bank
August 1st, 1979

To the holders of:

INSILCO OVERSEAS CAPITAL CORPORATION N.V.
GUARANTEED FLOATING RATE LOAN NOTES 1980

In accordance with the provisions of the above Notes, Morgan Guaranty Trust Company of New York as Fiscal Agent, has determined the rate of interest payable with respect to Coupon No 19 on Thursday, January 31st, 1980, to be twelve and a quarter per cent (12¼%) per annum.

Dated August 1st, 1979

MORGAN GUARANTY TRUST COMPANY OF NEW YORK
Fiscal Agent

ART GALLERIES

BLOND FINE ART, 33, Sackville St., W.1. 01-437 1230. MAXWELL BLOND. Paintings and Watercolours. Until 4 Aug.

BROWSE & DARBY LTD., 19, Cork St., W.1. KEITH GRANT—RECENT PAINTINGS. "A WINTER JOURNEY."

FIELDBOURNE GALLERIES, 63, Queens Grove, N.W.8. 586 3600 RODNEY BURN, R.A. Eightieth Birthday Exhibition. Lr. GALLERY. Contemporary Artists of the English School

FINE ART SOCIETY, 148, New Bond St., W.1. 01-629 5116. SUMMER EXHIBITION and WORKS UNDER £500

GALERIE GEORGE, 96-98, George Street, W.1. 01-935 3322. Fine 19th and 20th Century British & European oil paintings, watercolours and graphics at keen trade prices. £100-£2,000. Mon.-Fri. 10-6.

HAMILTONS, 13 Carlos Place, nr. Grosvenor Square, W.1. 499 9493/4. A mixed exhibition, including the work of Gino Hollander, Eitel, and Davez. Decorative pictures at reasonable prices. 9.30-5.30 10.00-1.00 Saturday. 2nd August-31st August, 1979.

LEFEVRE GALLERY, CONTEMPORARY PAINTINGS. Weekdays 10-5. At 30, Bruton Street, London, W.1. Tel. 01-493 1572.

LEGAL NOTICE

THE COMPANIES ACT 1948
NOTICE OF APPOINTMENT OF LIQUIDATOR

Name of Company	Vorlent Limited
Address of Registered Office	18, Boston Place, London, NW1 6HY.
Nature of Business	Messenger, Despatch and Carrier Services.
Court	High Court of Justice
Number of Matter	00674 of 1979
Liquidator's Name	WALTER WARD with Committee of Inspection
Liquidator's Address	53 Mount Street, London, W1Y 5RE.
Date of Appointment	13th June, 1979.

RESID NTIAL PROPERTY

Andrew Milton & Co.

BELGRAVIA

EATON [PL]ACE
Ideal Businessma[n/C]ompany Pied a Terre. Decorated [to] high standard on 1st Floor of el[ega]nt Bldg. Dbl. Bed., recep., sm[all] Dining Rm., k & b. Lease: 31 [yrs.] £75,000.

EATON SQUARE
Penthouse with superb views over Square. 4 Beds., 3 Bath., 3 recep., Kit/B'fast Rm., also Staff/Guest Flat with Bed., Recep., k & b. Lift, Caretaker, C.H. & C.H.W. Lease: 10 yrs. £125,000.

EATON PLACE
Beautifully appointed Ground Floor Maisonette. 3 Beds., 2 en suite Bath., Sep. shower Rm., Drawing Rm., Dining Rm., Kit., Cloaks, etc. Lease: 74 yrs. £140,000.

For de[tail]s of these and other London Properties for Sale and Rentals apply:—

9 Milner Street, C[hel]sea, S.W.3. 01-584 4501. Also at 64 Princedale Road, Kensington, W.11. 01-229 8874.

UNSPOILT MENORCA

Binibeca Torret. Love[ly] front line 2-bedroomed apartme[nt] in ideal situation overlooking [se]a. Good letting potential. Five [min]utes walk sandy beach of Bin[ibeca]. Price £18,700.

For this and other pr[oper]ties consult the specia[lists]

BINIBELLA L[TD.]
36 Cornwall Gardens, L[ond]on, SW7.
Tel: 01-937 4074[0].

ADDISON PLACE, W.11. Sweet Victorian cottage in popular Holland Park with patio garden. Recep./dining room kit., washing machine, mod. bath., 1 dble., 1 sgle. bed. Furnished or partly furnished. Company let, 1-2 years. £110 pw. Ring 603 9275

GARWAY ROAD, W.2. Attractive 2nd & 3rd floor maisonette with 2 dble. & 1 sgle. bed., spacious recep., kit., diner, bath, sep. WC, washing machine, colour TV. Available now long let. Company/holiday £175 pw. March & Parsons, 229 9769 or 937 9622.

WESTMINSTER DIVISION BELL. Bright third floor flat in purpose-built block with 24 hour uniformed porterage. Rec bed., kit., bath. CHW. CH. Excellent decorative order. Lease 58 years £42,500. Ring 01-828 0620.

W.11. Furnished basement flat to let 3 rooms, k and b. £70 pw. Tel 01-603 6410.

OWNERS OF 7 luxury furnished family houses, situated Mayfair, Kensington, Harrow, with to let same for minimum 1 year to embassies or large companies. Rents from £110 to £400 pw. 01-404 5711

CLUBS

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floor shows. 189, Regent St. 734 0557.

GARGOYLE, 69, Dean Street, London, W.1.
NEW STRIPTEASE FLOORSHOW
"AS YOU LIKE IT"
11-3.30 am. Shows at Midnight and 1 am. Mon.-Fri. Closed Saturdays. 01-437 6455.

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

The "spiral staircase" leading to Japan's top jobs

BY SANDRA SAMAN

SATOSHI OKUBO's appointment last year to the most important financial job at Honda Motor of Japan came after a lifetime with a single company. Yet his professional background was anything but narrow. From the time he joined Honda from university in 1955, he worked in sales, accounting, manufacturing and, for 15 years, in personnel, serving in finance for only a short time before his latest promotion.

Okubo's career progress through Honda, up to the position of managing director for finance, would be highly unusual in a Western company. But in Japan it is a typical example of the national system of management development. Unlike Western corporations, which may sometimes shift a promising executive from a line job to a related staff job, and then back again, Japanese companies make a point of exposing their managers to the entire range of corporate functions.

So well-established is this circuitous career route to the top that it is common to hear Japanese managers refer to the "spiral staircase"—in contrast to the strictly linear Western metaphor, the ladder.

The job rotation system accounts for many of the strengths as well as the weaknesses of Japanese business. "For their first one or two years, the new graduates may be worthless," says Masaaki Imai, president of the Cambridge Corporation, a Tokyo management consultancy. "But after 10 to 15 years, they become the solid foundation of the company."

The Japanese believe that the practice helps to create company men who have the interests of the entire organisation at heart rather than those of their individual departments. It also helps transform the company into a community whose members are likely to know each other personally and be able to work as a team, a fundamental objective in egalitarian Japan.

The job rotation system also overcomes many of the disadvantages inherent in life employment — still dutifully followed by most firms. When an executive is virtually tied to one job for life, without the likelihood of being either fired or hired elsewhere, he could easily succumb to complacency and boredom.

The danger is particularly acute among the Japanese, suggests Nobuo Kitajima, a Honda general manager who believes that his countrymen are short sprinters, not long-distance runners. A man who has held the same position for more than five years will defend the status quo, while a newcomer can criticise and seek to improve what he finds, Kitajima believes.

Western critics say that the system has major drawbacks. A common complaint was recently voiced by the managing director of a small English company; in the decade of his business relationship with Mitsui, the giant trading house, he had had to work with a series of strangers. Some of Mitsui's Japanese customers have also complained about the continual turnover of trading agents; this has forced the company to modify the mandatory three-year rotation scheme that it inaugurated several years ago.

Other Westerners complain that the system breeds generalists at the expense of needed expertise. William Royce, a senior economist for SRI International, the California research and consulting group, says "the abhorrence of specialisation in Japanese management makes it virtually impossible to give good staff members the training and experience necessary to become real experts at any particular function." As a result, says Royce, Japanese companies have, to their cost, neglected long-term planning and financial analysis.

Docile

Certainly the system depends upon a docile managerial group that unquestioningly accepts its role as a cog in the great corporate machine. The levelling process begins on the employee's first day when, whether or not he has a university diploma, he is often required to put in time at a relatively menial production job. At Honda that period of servitude typically lasts for a year before the young man is transferred to his next job, usually of the company's choosing.

For the following 10 to 20 years, depending on th natu of the company, the gduate who entered togetherin th same "class" may well ivan through the company ste While they may be otate among several depaent they are promoted at ugh the same time and 'ceiv approximately the samalai rises.

Recent economic psur have begun to slow thred march of the classes;ros-the-board automatic prtion are discontinued earlied the most promising execut are allowed to be sing; out earlier in their careerhose who are left behind to specialise within a depient. But at least for the firstade of each employee, and ond that for rising miers, rotation still remains thle.

Mitsui, while beginn to discriminate among emees at the assistant managevel, nonetheless applies job rotation to its younger cu-tives as zealously as does da, shifting the average indial every three years. As aast Japanese companies, ui usually insists that its st promising employees pin some time in personnel, le-partment held in far ter esteem in Japan than ine West.

To implement its rotn scheme, the personnel det-ment at Mitsui conducts a t-tion study each November, ug a computer on which are-corded each employee's pr-tions and duration in every . If the computer turns up so-one who has been in one p: for more than five years, th is an investigation to determ the cause. This tracking syst also ensures that employees not stranded for a long time some remote area of the wo where Mitsui is doing busines:

Even companies without su formalised rotation programm still try to create generalis who are capable of apprecia ing the company's overall i terests. Ishikawajima-Harim Heavy Industries, the ship builder, steelmaker and machin tools manufacturer, has, sinc 1973, operated an unusua training scheme to expose its engineers and other specialists to the points of view of other divisions.

The scheme is based on the "kyoto," loosely translated as the deputy headmaster of a school. (IHI's president, who originated the scheme, is equivalent to the headmaster himself.) In this method, IHI's 3,000 middle managers are divided into groups, with each group containing a judicious mix of engineers, administrators and others from IHI's shipbuilding, pulp and paper, engineering, cement and other sectors of activity. There are 24 groups in all, each led by a kyoto who is a department manager or higher.

Each group annually selects a subject relevant to IHI, such as overseas procurement or in-house engineering ability, and at its monthly meetings discusses ways to make improvements. There are also discussions on more abstract themes, such as "What is a Japanese?" and sensitivity training. While the kyoto conducts the meetings, company executives are sometimes invited to address the group in their particular fields of expertise, such as exchange control or combating absenteeism.

Massive

Through such groups the company hopes to achieve a more general outlook. It believes this attitude has become more important as IHI shifts from traditional line-and-staff management to project management. Last year, for example, IHI completed a massive turnkey project for a Brazilian company—a huge pulp-making and utility power plant that it constructed in its shipyard in Japan and then towed up the Amazon. The project called on every division of IHI except the aircraft sector.

While schemes such as the kyoto system constitute a more informal means of employee education, Japanese companies also invest heavily in formal education. Although most potential managers in Japan take jobs immediately after graduation, the tradition of life employment encourages companies to invest in the post-graduate education of its employees, to an extent rare in the West.

The short-term costs to a company can be substantial. Nippon Kokan, the steelmaker, shipbuilder, and engineering and construction firm, allocates an annual Y200m (£412,000) for education and training, of which half is spent overseas. In an average year it sends a select 15 or so employees abroad for a minimum of three months, at a cost per man of Y2m. The employees, primarily managers or assistant managers who have worked for NKK for at least three years, study specialised subjects selected by the firm. In England, NKK executives have studied international finance and civil engineering.

In a typically Japanese blend —or, in this case, a clash—of tradition and modernity, NKK's advanced education programme is hampered by the firm's rigid hierarchical system. While the company would like more managers to acquire masters' degrees in business administration, the more senior employees who would normally be sent abroad lack sufficient knowledge of English.

But it would violate the pecking order to educate the younger men who have a better grasp of English, explains an NKK personnel manager, and in any case, the young men would become frustrated when they returned — as hierarchy dictates they must — to junior jobs at NKK.

In the long run, the substantial investment pays off because there is little turnover among even the best-educated and seemingly most marketable employees; unlike Western companies, Japanese firms do not bid for expertise. Of the 50 engineers and scientists that NKK has so far sent to study abroad, only one has left the company—and he joined a university faculty, not a rival firm.

Senior managers at NKK admit that, if employee turnover were to be significant, the company might have to make provisions to recover its education costs. In fact, serious erosion of the practice of life employment would arguably lead to an evolution of the job rotation system into a more Western-style approach to management development. But genuine change takes place slowly among the Japanese and, in a country where the shortest distance between two points is usually a crooked line, the spiral staircase seems likely to endure.

Multinational approach to cutting costs

BY ERIC SHORT

THE PROVISION of life and other associated insurance benefits by multinational companies for their employees throughout the world is now an accepted feature in the overall remuneration package. Most such companies spend considerable sums in their global business and in many cases the insurance in a particular country is placed locally without any connection or overall pattern with that placed in other countries. And in so doing the companies could be spending more money than is necessary.

The additional cost arises on two counts, the first being from the restrictive practices imposed by authorities on their country's insurance industry, or from commercially imposed cartel operations.

In the UK, insurance companies are completely free from government control regarding the setting of premium rates, consequently life premium rates are very competitive and companies buying life insurance generally get a good deal.

Rates set by legislation

In contrast, the premium rates for certain types of insurance business are fixed by legislation in a number of European countries. Competitive premium rates and profit schemes in the form of bonuses are unknown.

The original object of this tariff system was to protect policyholders. But with improving mortality and historically high interest rates, insurance companies have been making substantial profits on life business which have not been returned to the policyholders.

The second additional cost arises because benefits of scale are not realised. The unit cost of buying life assurance falls with the increase in numbers of employees being insured. If a multinational has only a small number of employees in a particular country, its insurance costs are assessed on that particular number, and no account is taken of the total number of employees worldwide.

However, a development in recent years where the operations of insurance companies in different countries are combined now offers multinationals the opportunity to cut insurance costs. This co-operation is known as a multinational insurance management or a "network," the workings of which are explained in a booklet* published by international benefit consultants, Metropolitan Pensions Association (International).

A multinational insurance arrangement is effectively an agreement between the insurance companies in the various countries which pool their insurance results in respect of a particular client.

The system works as follows: each insurance company ascertains annually the profit made from a particular client from the insurance placed with it. This can arise from a variety of sources—death claims being less than expected, lower administration expenses than assumed, higher investment income than projected being among the main sources.

The profit is then rebated to a pool—known as an international dividend — and each company can usually receive this rebate in a particular currency.

A spin off from this set-up is that multinationals can effectively transfer funds from one country to another irrespective of the exchange control regulations that may be in force. The MPA booklet warns that the governments are aware of this implication in avoiding exchange control and that blocking legislation could well appear at some time.

Other, not insignificant, cost savings and benefits are also available to both the company and its employees through using a network. A company can, for example, get credit for its total number of employees worldwide. The insurance company is prepared to cost the cover on the basis of the total number of employees, not just those employed in a particular country.

The higher the number of employees, the more relaxed are the underwriting arrangements. Thus an employee with poor health could get full cover whereas, in a smaller pool of employees his cover could have been restricted. For example, if he works in the UK where only 25 persons are employed the cover he could get without evidence of health is likely to be limited to £50,000, but if there are over 250 employees worldwide, he could get up to £150,000 cover automatically.

Arranging network insurance can also simplify the transfer of benefits when employees are moved from one country to another. Full reserves can be transferred, underwriting will be on the same basis and, most important, the payment of pension can usually be made in one chosen currency. So, if a UK national dies before retirement while working in Holland, the pension to his widow and dependants can be paid in sterling.

Greater control

Finally, operating through a network enables the parent to maintain greater control over the benefit structure of the group. After each review period —usually a year—the network secretariat supplies the parent company with an account showing the financial transactions of each of the plans covered by the network. The local cost breakdown included in this account details premiums paid, the expenses charged and the local plan's contribution to the international dividend pool. The parent company can therefore have immediate access to details of all plans of operations covered by the network.

* *"A Study of Multinational Insurance Contracts in the context of Employee Benefits," from Metropolitan Pensions Association (International), Haymarket House, 28 Haymarket, London SW1Y 4SR (telephone 01-836 7411).*

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● COMMUNICATIONS

Speeding the news to site

FACSIMILE, WHICH will be an essential part of the electronic office, is a major development area for a number of leading companies. Siemens has gone one better than its rivals with a new machine for unattended reception which incorporates an ink-jet printer to give noiseless recording of information on normal paper fed from a roll.

HF 2050 is attended at the transmitting station and can function in either mode at the receiving end. Documents for transmission are scanned opto-electronically.

At the receiving end, a 12-nozzle ink-jet recorder prints the output, the ink droplets being "shaped" into characters as they pass through appropriately modified electrical fields.

Messages exchanged between subscribers operating on the three-minute (A4) speed are recorded at a scanning density of 3.85 lines per millimetre. In the two-minute mode running, where equipment at the receiving end permits, scanning density is 3.08 lines/millimetre. For typed messages, very satisfactory results from the legibility aspect can be obtained on two-minute running.

At the end of each transmission run, the paper carrying the incoming message is automatically extended to the next larger size, A5L or A4, cut off and stacked.

Automatic station identification, stack feed for transmission, internal V24 interface and a key switch for barring the "send" function are options that can be retro-fitted.

Siemens is offering this equipment to meet situations where availability at all times is essential, such as in the operations of utilities, technical support offices and spare parts stores. Failure to contact a correspondent due to flexi-time or difference in business hours between countries and continents is one of the problems neatly solved by this typewriter-sized machine. Further from Siemens on 09327 85691.

● ASSEMBLY

Press for the new Mini

TWIN RAM hydraulic presses which will electronically check bearings and oil seals before assembling them into the front hubs of the new Austin Morris Mini Metro are being supplied by John Hounsell (Engineers), of Rowley Regis.

The car company's specification was for a hydraulic press capable of automatically probing components to check for correct loading before assembling them into the hub. The machine that Hounsell developed was a four-column twin-ram press with a 4.75 tonne capacity, a stroke of 8 inches and a "daylight" of about 15 inches, giving good access to the tools.

Use of twin rams meant that two different operations could be performed in one cycle: while the first probes and assembles the inner and outer bearing race into the hub, the second probes and assembles the oil seals and spacers round the bearings.

Small probes built into the tolls will only make contact with the components when they are properly loaded. If no contact is made, the rams will not operate and a fault is indicated to the operator.

● HEATING

Saves on fuel usage

NEWLY DESIGNED by British Gas Midlands Resarch Station, a vat and tank hating burner is to be markete by Wellman Selas.

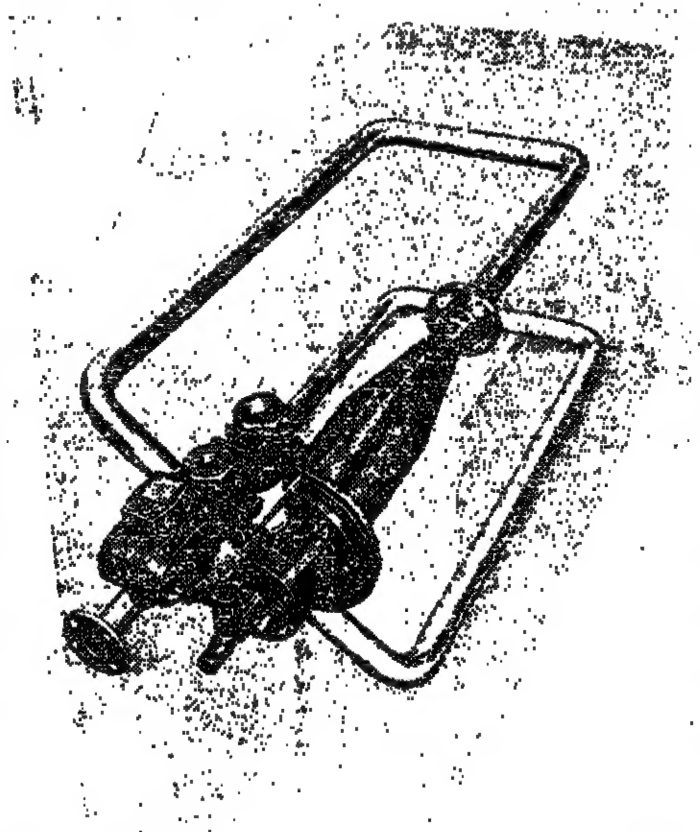
The name chsen for this equipment is Vatak and it has been designed pecifically for the heating of solutions in containers by e direct gas firing of small-bre immersion tubes.

Burner desigris such that it combines the diciency of gas firing with the compactness of steam heating.

Common to iany industries, the heating of its and tanks is generally by ieans of steam-fired immersic tubes or gas fired natural dlught immersion tubes. Typid applications would includedegreasing and pickle tanks, hosphating vats and various operations in brewing.

The new equipment will allow costs tr be cut both in capital installtion and in fuel consumption.

Efficiency q the steam-fired systems does ot exceed 60 per cent while th natural draught gas-fired systms go up to 75 per cent. Te new and much more compacequipment has a claimed efficiency of 80 per cent.



Five sizes of burner have been developed with ratings from 160,000 to 1m BTU/hr (approximately 50 to 300 kW) for use on tubes which conform to BS 387 (or equivalent), the tubes being 1½, 2, 2½, 3 and 4-in norminal bore. These outputs are far higher than needed for domestic installations and so far as is known there is no plan to reduce the size of the equipments to meet the needs of this particular market.

Wellman Selas is a subsidiary of the Wellman Engineering Corporation specialising in the manufacture of industrial burners and valves as well as the design and installation of combustion systems. It operates from City Road East, Manchester M15 4PJ. 061-236 2648.

● TEXTILES

High speed weaving

WITH textile machine building generally at over-capacity throughout the world, current news is of companies being established to make machines for completely new processes. However, such is the situation in weaving that there is clearly a market for simple, robust and inexpensive machines if they are offered with a distinctive advantage.

A gripper-shuttle loom has been developed in West Germany by a company called Neotex International GmbH (British representative: Schultheis Systems (UK), 10 Eden Place, Cheadle SK8 1AU. Tel: 061 428 4271). The main aspect of this high speed weaving machine is its extremely low price, compared with equipment intended for similar weaving speeds at matching widths. The concept of the loom is extremely interesting.

Some years ago, a loom designated STB was developed in the Soviet Union and attempts were made to market it in the West, but there was virtually no acceptance as it was felt that the reliability of the machine was inadequate and that spares and service would not meet Western requirements.

However, the Neotex MSL loom is based largely on the Russian concept. It has been built with basic components from the USSR, Hungary and Czechoslovakia, while the more critical elements such as reeds, healds, temples, torsion bars, etc., are either West German in origin or from the U.S.

There is a guarantee of support and service that now makes the new loom of interest to Western weavers.

The introduction of the MSL —Micro Shuttle Loom—to the trade recently generated much interest and it was described as the "Volkswagen" of weaving.

It is being built in one, two and four colour weft versions and with a machine making a cloth of say 3300 mm width at 225 picks/per minute this represents a weft insertion rate of about 742 m/min at 100 per cent efficiency.

Unlike many shuttleless machines the MSL produces a cloth with a tucked-in selvedge.

● VENTILATION

Collects and filters the smoke

FIGHT FOR energy conservation linked to pollution control has been joined by Myson with its new range of packaged industrial electrostatic air filters, known as Micronair.

There are five basic models covering duties from 6,000cfm to 5,000cfm at up to 2½ inch wg external resistance. Units are in standard in-line formation or T formation with a fan box interposed between two filter units.

Features also include solid state controls, heavy duty two-stage electrostatic filter with choice of cell spacings and integral centrifugal fan all housed in a sturdy industrial case.

They are said to be ideally suited to the collection of oil mist or welding smoke and cleaned air can be recirculated back into the workshop.

Myson Group Marketing, Industrial Estate, Ongar, Essex (02776 4311).

● AGRICULTURE

Better greenhouse crops

RAISING the CO_2 level in greenhouses is a widely-used technique for improving the yield and quality of many vegetables, particularly lettuces, tomatoes, cucumbers, spinach and strawberries, says Heylo Heating and Ventilating, 53 Fleet Street, London EC4 (01-353 8601).

Additional advantages include shortening the growing cycle and being able to bring crops to maturity one or two weeks earlier when prices at market for quality produce can be at a premium. These benefits also apply to growing roses, carnations, freesias, chrysanthemums, orchids, and other flowers and ferns.

Providing carbon dioxide enrichment—and helping to relieve the worsening situation caused by the present shortage of premium grade paraffin—is the company's direct-fired gas heater which will work on town or natural gas.

Largest in the company's range of CO_2 generators, it is capable of increasing the temperature of 8,700 cubic metres of air by 47 degrees C an hour.

The recommended maximum greenhouse area for CO_2 enrichment is 16,500 square feet, depending on the type of crop, required CO_2 level, and type and condition of the greenhouse.

Using a timer and/or a thermostat, up to six units can be connected in series to accommodate larger areas and give more uniform distribution.

Advanced design feature of the new generator is the provision of a quick-acting safety cut-out, consisting of an ionisation electrode mounted in front of the burner and wired into the control box. Should the flame die due to an ignition spark failure or temporary interruption in fuel supply, the absence of ionisation current triggers the control box which instantly cuts off the fuel supply.

● ELECTRONICS

Micro on a board

WITH SMALL scale automation and process control applications in mind such as automatic weighing and batching machine tool control, material handling and security systems, Startronic of Bexhill has introduced the SSC-1, a complete microcomputer on a single Eurocard measuring only 160 x 100 mm.

Although many companies might still be thinking in terms of dedicated logic control systems, Stratronic points out that the need to tailor the circuits to each and every application can mean that development costs often far exceed the cost of the hardware involved.

The idea behind the SSC-1 has been to design a standardised piece of equipment which would suit a wide range of systems simply by programming to meet each need.

Basic specification includes a 1024 x 8 non-volatile program memory which can be supplied pre-programmed to the user's initial specification and subsequently re-programmed.

An on-card battery backs up the 256 x 8 read/write memory for data retention during a power loss and a buffered highway allows operation up to 15 volts, giving good noise immunity.

Maximum input/output capacity is 128 lines, and each standard interface card provides eight inputs and eight current drive outputs of 750 mA each at up to 60 volts.

The SSC-1 software meets a wide range of requirements, and program changes can be made either by Startronic or by the user, employing programming equipment that can be bought or hired.

More from the company at Beeching Road, Bexhill-on-Sea, Sussex TN39 3LG (0424 214291).

Acquires the data

DESIGNED to meet the needs of modern systems engineering and control where the IEEE bus concept is being used for intercommunication, the 8000 series from Penmark Precision Measurement will provide timing, scan a basic 100 channels (1,000 are possible) and provide latching relay output control.

The unit is for use in instrumentation/control systems where up to 15 devices can be connected together using the IEEE digital bus which uses eight data lines, eight management and "handshake" lines to allow the devices to communicate in accordance with overall computer control. Typical bus control in PPM's systems are Commodore PET, Hewlett Packard and Tektronix VDU/keyboard machines.

For such systems the basic model 8100 would be used, consisting of basic timing/scanning with no display or channel monitoring. The 8000, however, has a user display of selected channel number, elapsed or calendar time display, status display, and a data display if an analogue to digital converter is fitted.

More from the company at Hermitage Road, Woking, Surrey (04867 80111).

● STORAGE

Package for tapes

UP TO six audio tape cassettes can be fitted into a box injection moulded in one piece from polypropylene and now being produced by the industrial division of the London Association for the Blind. Hinged fasteners are integrally moulded.

The boxes, which are suitable for both storage and posting, have slots for removable address cards, spaces for names and addresses, for advertising matter and for library reference tabs. Supplies can be obtained from the Association at 14-16 Verney Road, London SE16 3DZ (01-732 8771).

● CONFERENCES

Sheet and strip

THE ANNUAL Conference of The Institute of Sheet Metal Engineering will be held at The Unicorn Hotel, Bristol (October 24 to 26), and will take as its main theme, "Sheet and Strip —How to get it right for Processing." The conference is being held in association with The National Association of Steel Stockholders and the British Contract Presswork Association.

Details may be obtained from The Conference Secretary, The Institute of Sheet Metal Engineering, Queensway House, 2 Queensway, Redhill, Surrey RH1 1QS, England. 0737 68611.

Many new products

OF MORE than 130 companies taking part in FILTECH/79, Olympia, London, September 17-20, 40 of them promise to show products for the first time in the UK and, in several cases, these will be European or world-launches, announces Filtration Society, 1, Katharine Street, Croydon, Surrey.

FINANCIAL TIMES SURVEY

Wednesday August 1 1979

Satellites

As a technological tool of mankind, the unmanned Earth-orbiting satellite is still less than 22 years of age, but it has already revolutionised communications and meteorology, and looks like doing the same in many other fields in the years ahead.

Keeping tabs on the Earth

By Michael Donne

Aerospace Correspondent

THE WORD "satellite" first penetrated general consciousness with the launching of the Soviet Sputnik I in October, 1957. Since then, those unmanned, Earth-orbiting devices have become almost commonplace. While communications and *meteorology (and particularly weather forecasting)* remain, at least for the present, the biggest single fields of satellite activity, the ever-expanding roles of the satellite now encompass two major fields. These are "scientific" satellites, which are aimed at expanding man's knowledge in many different scientific disciplines, and "applications" satellites, for a widening range of practical tasks. The latter include monitoring Earth's resources (in turn ranging from the detection of fish shoals to discovering new *mineral deposits*), *through* to environmental studies and such other uses as navigation.

Satellite technology, and its associated communications links with the ground, are now sufficiently well understood and established for the scientists throughout the world, but especially in the U.S. and Europe, to be able to spend more time and money on exploring new applications. The satellite itself has now become little more than a vehicle, into which an ever-widening array of micro-miniaturised components can be installed to make it do almost anything that mankind wants it to do. Whereas, initially, the size of satellites was restricted also by the ability of launch vehicles to cope, the impending emergence of new launcher systems such as the U.S. Space Shuttle and the European Ariane will enable even bigger satellites to be placed in space, and perhaps even the construction in space of satellites and space stations that could not be launched from Earth in one piece because of their size.

It is estimated that there are already more than 2,400 satellites of various kinds—communications, defence and others—in orbit round the Earth, and that over the next decade well over another 200 will be added to the score, for a wide variety of purposes. Many of these will be satellites for undeveloped countries seeking to improve their own communications links with the rest of the world and to get the benefit of the widespread new technological development that the growing field of satellites offers.

These developments, collectively *costing several billion dollars*, will all need to be financed. In many cases, of course, governments will be supporting the ventures as part of overall economic development schemes. But in other cases, and especially where commercial satellite ventures are concerned, there will be a need for loans of substantial size—for the provision of, say, a three-satellite communications system with associated ground stations can cost anything up to $150m. There is no reason why this kind of cash cannot be provided by existing financial institutions, in much the same way as new fleets of civil airliners are already funded. Indeed, a number of banks and other institutions in the City of London are already involved in this business.

The biggest single fields of actual and prospective satellite applications at present are in telecommunications and meteorology. There can be few TV viewers who have not by now seen pictures of events on the other side of the world almost as soon as they have occurred, or few businessmen sitting in their offices who have not been instantly connected with others many thousands of miles away—without realising the enormous strides in satellite and earth station technology that have made such developments possible in recent years.

Pace

An example of the pace of development of satellites is afforded by the International Telecommunications Satellite organisation (Intelsat), whose first communications satellite, Early Bird or Intelsat-1, of 1965 *had a capacity of 240 two-way* voice channels or one TV channel. The latest satellites, Intelsat-Vs, have an average of 12,000 simultaneous two-way telephone circuits and two TV channels. The system is served by over 100 locally owned ground stations in more than 70 countries.

These and other satellite developments will continue through the 1980s, to the point where it will become possible for business organisations and industrial users to be immediately linked by video-phone to customers and others on the other side of the globe; for scientists in all disciplines to probe the Earth's surface with lasers and other devices to discover not only new sources of oil, coal and other minerals, but also to detect the incipient emergence of environmental problems, such as pollution, or even earthquakes, before they can grow to disastrous proportions; and for home TV viewers to get the latest satellite weather pictures or other data at the press of a button.

In the U.S., much of the past and present satellite activity *has been and is undertaken by* the Government-owned National Aeronautics and Space Administration. But there has also been a growing tendency for U.S. commercial organisations to develop in this field, such as the Communications Satellite Corporation (COMSAT), which manages the Intelsat system on behalf of the countries that own it, and other more recent organisations such as Satellite Business Systems, formed jointly by IBM, Comsat General (a wholly-owned subsidiary of Communications Satellite Corporation) and *Aetna Life and Casualty*.

In Europe, although many countries continue to run various space activities of their own, including the commercial manufacture of satellites for both scientific studies and applications technology purposes, the major space developments are entrusted to the European Space Agency, set up in May, 1975.

Its task is to provide for and promote, for exclusively peaceful purposes, co-operation among European countries in space research and technology, with a view to their use for scientific purposes and for operational applications. The members are Belgium, Denmark, France, Germany, Ireland, Italy, Netherlands, Spain, Sweden, Switzerland and the UK, with Austria, Canada and Norway participating in certain programmes.

The general budget for 1979 amounts to 570m accounting units (or about $684m), with France and West Germany being the biggest individual subscribers at 33.4 per cent and 26.8 per cent respectively. The UK's contribution in 1979 is 11.7 per cent. The biggest single items of expenditure in the current year are the *Ariane rocket launcher*, designed to provide Europe with an independent satellite launching capability, taking 28.6 per cent of the budget, and the Spacelab, the manned orbital laboratory which Europe is developing as its contribution to the U.S. Space Shuttle, taking 22 per cent of the budget.

Since 1972, Europe has spent about $2bn on space activities both through the ESA itself and its immediately preceding international organisations, such as the European Space Research Organisation and the *European Launcher Development Organisation*, both of which were merged into the ESA on its formation. While all member states are required to subscribe to certain programmes, such as the scientific programme, of the ESA, other ventures are optional, such as the Ariane launcher, the Spacelab and various telecommunications and Earth observation satellites. The latter are funded according to a formula that enables States wishing to participate in a given programme to choose the level of their contributions freely.

Comparatively little detailed information is available about the use of satellites for defence purposes, but it is known that, apart from normal defence communications, both the U.S. and European nations already make considerable use of information derived from satellite surveillance of the Soviet Union and Warsaw Pact countries, and vice versa, and this is likely to become even more significant in future as part of the verification techniques of ballistic missile developments required under the SALT II agreement between the U.S. and the Soviet Union. Mr. Lyndon Johnson, when President of the U.S., remarked that the reconnaissance value of space technology alone was worth many times the entire U.S. investment in all space activities, and this assessment must be even more accurate today. The long-term development of satellites as weapons-carriers cannot be ruled out. Technologically, it is already possible, but the mutual destructiveness of such systems appears to be sufficient at present to keep the major protagonists from embarking upon large-scale development programmes in this field.

Of more immediate significance, in the light of current energy problems, must be the development of major satellite systems that can utilise the sun's energy in space and transmit it to Earth. In recent years, many ideas have been mooted for such developments, but hitherto, their high cost, allied to technical difficulties, have prevented any large-scale programmes from getting under way. As the energy difficulties on Earth multiply in the years ahead, however, it seems likely that increasing attention will be paid to such developments, and it is not beyond the bounds of possibility that within a very few years some major schemes will be initiated.

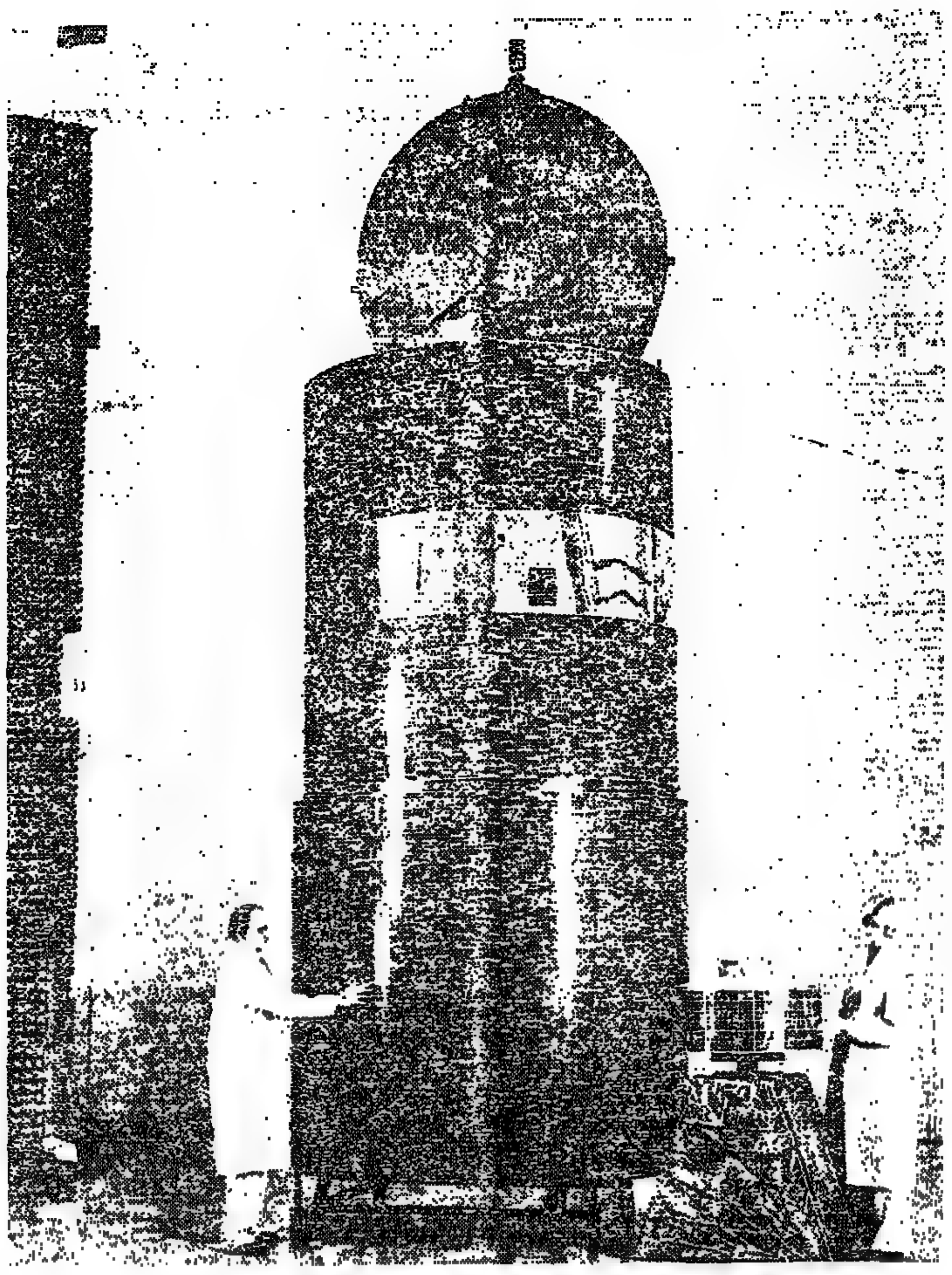
Savings

The cost of all these satellite developments over the past few years has been high. It is estimated that several billion dollars has been spent over the past 20 years or so in developing satellites and their *associated Earth station technology*. But there seems to be little doubt that this investment is now beginning to pay off, and will increasingly do so in the years ahead. According to a report by scientists in the National Environmental Satellite Service of the U.S. National Oceanic and Atmospheric Administration (NOAA), satellite observations of the Earth's atmosphere and surface are already saving industries and government agencies in the U.S. at least $172m a year, and probably many times that amount. Satellite pictures and other data are increasingly being used as tools of management in the agricultural industry and in the fishing industry, and many other applications are emerging—EXXON, for example, uses satellite data to ride the currents of the Gulf Stream and thus save substantial amounts of cash and fuel annually in ship operation.

The NOAA report points out that other important activities made possible by satellite-generated information, such as local and global weather forecasting, do not allow for easy computation of cash savings or cost benefits. But the value is believed to be many billions of dollars. The saving of life alone by improved disaster warnings of hurricanes, severe thunderstorms and heavy rainfall or snowmelt is beyond value, and impossible to quantify.

The ESA, in a recent study of the cost-effectiveness of space activities, concluded that the economic benefits derived by companies involved in satellite and other space work amounted to several times the face value of original contracts resulting in the creation of new *products, improvements in the* quality of work because of the high technological content of space-related activities and a widening commercial horizon for the companies concerned because of the need for international collaboration and diversification into areas hitherto unexplored.

As the NOAA report pointed out, the advent of the satellite can be summarised as probably the greatest single advance in the routine monitoring of the Earth and its environment in history, not only helping to save lives and property *from* natural disasters, but also contributing materially to the improvement of mankind and to the efficiency of the world's economies.



The rapid growth in the size of communications satellites in less than 20 years is shown in this picture. The U.S. Hughes Aircraft Company's Syncom satellite of 1963 had capacity for 50 two-way voice channels or one TV channel. Dwarfing Syncom is a full-scale model of the type of spacecraft to be used in the planned U.S. Satellite Business Systems venture, with capacity for 13,900 simultaneous telephone calls. The SBS satellites will provide U.S. business customers with integrated voice, data facsimile and teleconferencing facilities from 1981

Civil applications

THE CIVIL applications of satellites, as opposed to the scientific tasks they undertake, range widely across not only telecommunications and meteorological studies—still the two biggest single uses for satellites—but also such things as "Earth *resources monitoring*" and environmental studies. These are also very wide fields of applications, including such diverse things as studying the movements of fish shoals, helping the sea-fishing industry, and other aspects of oceanography, through to navigation, measuring pollution over cities and industrial areas, and helping to determine the location of new mineral deposits. Many of the satellites undertaking these latter tasks are known as "remote sensing" satellites, and already there have been a large number of them, collectively known as the "Earthnet" programme, including the U.S. Landsat, Seasat and the Nimbus satellites.

In Europe, much work has also been done already on this type of Earth observation from space, and plans are being laid to expand it substantially through the 1980s. These include the provision of microwave remote-sensing experiments in the European Spacelab manned orbital laboratory that will be part of the U.S. Space Shuttle Reusable Space Transport programme. *It is also planned that* the Spacelab will carry a metric camera, a modified Zeiss RMK A 30/23 high-quality aerial mapping camera, to determine the feasibility of producing small-scale maps from space photographs.

The longer-term plans in Europe for a remote-sensing programme include studies for specific satellite payloads that would be capable of studies into agriculture and forestry, water resources, environmental monitoring, global ocean monitoring (including studies of the polar ice and the circulation of currents) and coastal ocean monitoring (including studies of fisheries and surveillance of oil exploration and other activities on the European continental shelf).

In the meantime, much work has already been done in Europe by the European Space Agency in such fields as meteorology and telecommunications. The meteorological satellite, Meteosat-1, was launched in late 1977. Every 30 minutes, this satellite provides images of the Earth and its cloud cover, and distributes them to users of the data. Meteosat-1 represents Europe's contribution to what is known as the "World Weather Watch," in which U.S. satellites also participate, and also to the Global Atmospheric Research *Programme. Meteosat-2 is* planned to be launched by one of the Ariane rocket development flights in 1980.

Dual

Another meteorological satellite planned for launch by Ariane in 1981 will be Sirio-2. This will have a dual role—the distribution of meteorological data, particularly to African countries which do not have equipment of their own to get *data from the World Weather* Watch, and also to synchronise on a world scale the atomic clocks (to a precision of one nanosecond, instead of the present figure of 100 nanoseconds), by means of laser echoes on reflectors placed on the satellite.

The Meteosat was built for the ESA by the COSMOS industrial consortium, under the leadership of Aérospatiale of France, and including Marconi Space and Defence Systems of the UK, Selenia of Italy, ETCA of Belgium, and Siemens of West Germany.

Many companies, but especially those in the aerospace and associated electronics industries, are involved in satellite design, development and manufacture, as well as in the provision of the ground stations and associated infrastructure that the "space segment" requires to be fully usable for mankind. The high precision technology that this work requires is leading these companies into new fields of activity, and is continually spearheading the development of new industrial techniques, especially in such areas as the micro-miniaturisation of components.

In addition to the "space segment," the "ground segment" has developed just as rapidly, with some companies specialising in the design and development of receiving and transmitting stations, including Cable and Wireless and Marconi Communications Systems in the UK.

The size of this side of the satellite business can be gauged from the fact that there are now estimated to be some 200 *earth stations in more than 80* countries, providing well over 217 antennae, and many more are likely to be built through the 1980s.

In order to meet the requirements of the European posts, telecommunications and broadcasting administrations for point-to-point communications (telephone, telegraph, telex, Eurovision TV programmes and data transmission), the European Space Agency some time ago developed the Orbital Test Satellite (OTS). The first of these was lost on launching in 1977, but the second has been functioning successfully since May, 1978. The aim of OTS-2 has been to demonstrate the performance of on-board satellite equipment, and to provide an experimental, pre-operational traffic capacity of 6,000 telephone circuits or 4,500 telephone circuits and two TV channels.

This work will lead into the development of the European Communications Satellite system (ECS), the first satellite of which is due to be launched aboard the Ariane rocket in late 1981. Earlier this year, an organisation called Interim Eutelsat, comprising 17 of the European telecommunications *administrations, signed* a $200m agreement with the ESA for the provision of five satellites over the next decade. Under this arrangement, the ESA will provide the "space segment" for the next 10 years.

The contract for the first two satellites has been placed by the ESA with the British Aerospace Dynamics Group, leading the MESH consortium of industrial companies from 10 European countries. The contract for the supply of the next three satellites is still under discussion. The ECS programme will provide Europe with a *regional communications* system, covering telephone, telex, TV and data transmission, with a capacity equal to 20,000 telephone circuits, or 12,000 circuits and some TV channels. The first satellite will be launched in late 1981, and the second some ten months later. One will be in use, with the other as a back-up, ensuring a continuous operational service.

Maritime

A programme of development of European maritime satellites is also under way, called Marecs, derived from the ECS satellite, and aimed at making *it possible for ships at sea to* communicate instantly with shore stations thousands of miles away. The first two satellites, Marecs A and B, are *scheduled to be launched by* the European Ariane rocket in 1980 and 1981. The operation of the system, including a network of six satellites (three Marecs and three Intelsat-Vs equipped with maritime payloads), will be entrusted to a new international maritime communications organisation, INMARSAT.

Many of the European communications satellites, including the OTS, the ECS and *Marecs, have been or are being* developed by a major consortium of companies, called MESH, which includes Engins Matra from France, ERNO from West Germany, SAAB-Scania from Sweden, British Aerospace's Dynamics Group, Aeritalia from Italy, INTA from Spain and Fokker-VFW from Holland. MESH companies have individual consultancy contracts with TRW Systems of the U.S., thus providing further technical backing for the consortium.

One area of development that is of particular interest to these companies is the pro*vision of "regional satellites"* for communications in particular parts of the world—the supply not only of satellites but also of the associated ground infrastructure including receiving and transmitting stations, and even, if necessary, telephone and television systems where these do not *already* exist.

Also under development in Europe is the H-Sat, a heavy experimental satellite of about 900 kg, for launch aboard the Ariane in 1982. This is intended to be the forerunner of a large platform in space able to carry a variety of future television and radio communications payloads for direct transmission into homes or community antennae—enabling the dissemination of such programmes over a much wider area.

Beyond these, the ESA has its Advanced Systems and *Technology Programme*, designed to prepare future satellite systems. Ideas now being developed include the Stella experiment, aimed at exploring high-speed digital data transmissions via satellites, and the Spine project (Space Informatics Network Experiment), designed to become operational next year, and aimed at experimenting with new methods of disseminating documents using high-speed digital facsimile equipment. *The possibilities of video-phone* conference facilities will also be studied.

It is regarded as vitally *important* that Europe develops its own data facsimile transmission systems so as not to be left behind in the 1980s by developments in the U.S. There, Hughes Aircraft, probably the world's biggest manufacturer of satellites and associated systems, is already at work on the programme of satellites for the Satellite Business Systems (SBS) group, a consortium formed by IBM, Comsat General Corporation, and Aetna Life and Casualty. Three satellites are being built, with first launch planned for mid-1980. The aim is to provide a domestic U.S. satellite system for private users (business, government agencies and other organisations) with large communications needs, giving them instantaneous data, facsimile and tele-conference facilities from 1981.

Michael Donne

Reducing the cost of launchers

THE NEXT significant event in manned spaceflight is likely to be the first operational launch next year of the manned U.S. Space Shuttle, otherwise known as the "Manned Reusable Space Transport System." While budget cuts have obliged the National Aeronautics and Space Administration (NASA) to slow *the pace of development of the* Space Shuttle, it is currently planning to launch the Shuttle some time between next March and June, unless further budgetary delays occur.

The Space Shuttle is one of two major launching facilities for satellites and other space activities now under development in the Western world for the 1980s, the other being the Ariane conventional heavy launcher rocket now being built by the European Space Agency. Thus would-be satellite users during the 1980s will have a choice of launching systems, and tough price competition is likely to develop as both systems come to fruition. Already, both systems are collecting customers world-wide, from countries, universities, telecommunications authorities and even commercial and industrial clients who are anxious to have their own satellites in the decade ahead.

Crew

The Space Shuttle comprises an "Orbiter" vehicle, about the size of a small airliner which will be sent into near-Earth orbit by two "Booster" rockets. The Orbiter will carry a small flight crew and a small team of scientists or other astronauts. Both Orbiter and Booster are designed for recovery and refurbishing for future use. Each Orbiter vehicle is intended to be used for 100 space missions and each Booster for 20 missions.

The Boosters will fall into the ocean for recovery and shipment back to the Kennedy Space Centre in Florida, while the Orbiter vehicle will fly back into the Earth's atmosphere on completion of a given mission (such as placing a satellite in orbit or repairing a damaged or defunct satellite) to land at the Kennedy Space Centre like an airliner, on a special runway three miles long.

The aim of the system is eventually to reduce the cost of satellite launchings by providing a frequently usable system. The Orbiter will have a cargo bay containing satellites or other payloads for scientific or other activities in space. In Europe, the European Space Agency, as part of its own contribution to the Space Shuttle, is developing what is known as "Spacelab," a manned and reusable space laboratory which *will be carried on Earth orbital* missions in the cargo bay of the Shuttle's Orbiter vehicle. Up to three people — scientists, engineers and technicians—will be able to work in Spacelab for periods of about a week.

The first flight model of Spacelab is to be delivered to *NASA by the ESA in 1980. The* ESA has selected three Europeans—Ulf Merbold (Germany), Claude Nicollier (Switzerland) and Wubbo Ockels (Netherlands)—to participate in the first Spacelab mission in 1981 as European payload specialists.

A total of 76 scientific and technological experiments—60 European, 15 American and one Japanese — have been chosen for this first Spacelab mission, covering such things as astronomy, physics of the atmosphere, solar physics, plasma physics, earth observation, life sciences and the processing of materials.

In *its* mission plans *for* the 1980s, NASA envisages approximately 400 Space Shuttle flights, 40 per cent of which, or about 150 to 160 flights, will be assigned to Spacelab missions. Programmed design improvements to Spacelab are intended to widen its mission capability, and eventually enable it to stay in orbit in the Shuttle Orbiter for periods of up to a month, with free orbital flight outside from the Shuttle Orbiter vehicle also a possibility for long missions. Spacelab would thus represent the first stage of a modular space station in orbit, regularly visited by the Shuttle Orbiter, and which could serve as the basis for the construction and assembly in orbit of large space systems for a wide range of tasks.

Europe's own rival to the Space Shuttle itself as a satellite launching system will be the Ariane, a heavy launching *rocket intended to give Europe* an independent capability for its own aplications and scientific satellites, and to enable it to win a share of the substantial launcher market forecast for the 1980s—estimated at more than 200 satellites of various kinds.

Ariane, which is being developed by a consortium of European companies (the system integrator being Aérospatiale of France) is designed in particular to place satellites of up to 970 kg in a geostationary orbit (in which the satellite remains virtually in the same spot over the earth's surface, its orbital speed being geared to the Earth's own rotational speed). The aim is to have the Ariane operational by the end of 1980.

Four development firings in the qualification programme are *scheduled for November* this year and March, June and October 1980, and will be carried out from the Ariane launch site located within the Guiana Space Centre at Kourou, French Guiana. The first launch will carry a technological capsule and ballast; but the other three are intended to put various satel*lites into orbit, including Amsat* (an amateur radio satellite), Meteosat-2 (the second flight model in the European meteorological satellite series), Apple (an Indian experimental communications satellite), and Marecs-A (the European maritime communications satellite).

In addition to these, the first six production Arianes have now been authorised, for a wide range of satellites in the early 1980s. These include Exosat (second half of 1981, for studying celestial X-ray sources); Marecs-B (first half of 1981, for maritime communications); Sirio-2 (possibly at the same time as Marecs-B) for meteorological data distribution in connection with the World Weather Watch, and synchronisation on a world scale of atomic clocks by means of laser echoes on reflectors placed on the satellite; ECS-1 (end-1981, the first operational European Communica*tions Satellite*); the French Earth observation satellite, SPOT; and a communications satellite in the Intelsat-V series.

The ESA says that Ariane will also be used for further launchings of satellites in the European Communications Satellite programme. The ESA believes that during the 1980s *there will* be at least 30 to 50 Ariane launchings, in many cases putting two satellites into orbit with one launch.

M.D.

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SATELLITES III

At the service of science

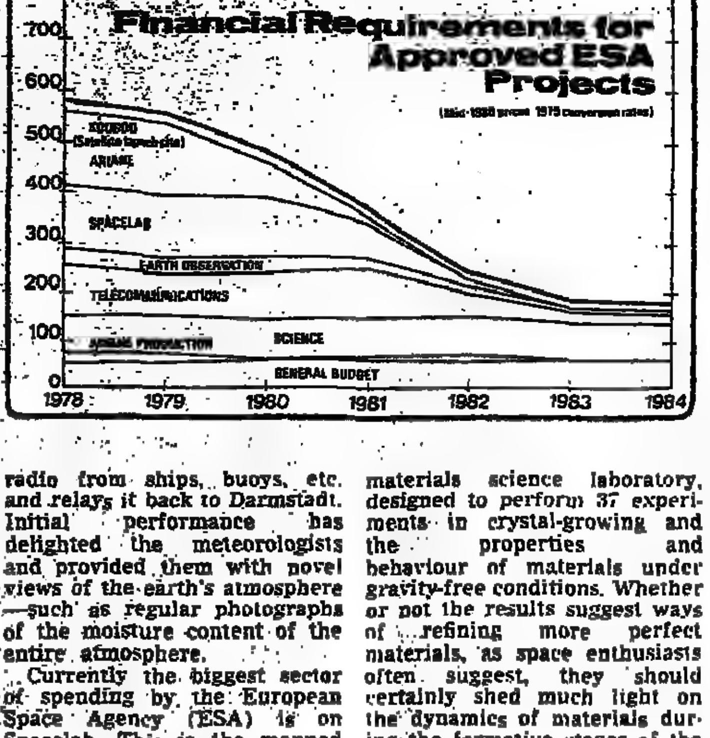
IT MAY seem a far cry from the peat bogs of Scotland to the sophistication of an orbiting satellite. But scientists at a research centre near Aberdeen are making good use of the high-powered cameras of one space research programme of the U.S. National Aeronautics and Space Administration, in mapping the peat resources of the Highlands and Islands.

The Macaulay Institute for Soil Research, an Agricultural Research Council laboratory, is buying photography on magnetic tape obtained by NASA's Landsat programme of earth resources surveillance. They use this colour imagery to guide their own flights in light aircraft. Their aim is to compile a data bank on an underexploited energy resource. Aptly, this peat data bank has been christened MIDAS—Mire Information Data Acquisition.

Rarely can space research activities seem quite so down to earth as in their use in remote sensing of natural resources—unless one counts the cremation of NASA's Skylab when it re-entered the atmosphere prematurely last month. But space activities which only a decade ago seemed remote from daily life are already familiar enough to be easily overlooked; for example, the trans-Atlantic telephone calls via satellites, distinguished by their slightly disconcerting pauses, and the nightly "met sat" pictures of Britain's weather report on BBC television in recent months.

Meteosat-1, Europe's contribution to two international meterological research programmes—the World Weather Watch and the Global Atmospheric Research Programme—was launched into geostationary orbit late in 1977. This satellite, designed by the European Space Agency to serve the specific needs of Europe's meteorological offices, is one of a network of five spread along the equator, the others being provided by the U.S. (2), the USSR and Japan. Its data processing centre is at Darmstadt, West Germany.

Meteosat-1 has three main missions. First, it is imaging the earth's surface and cloud cover simultaneously in three spectral bands at intervals of 30-minutes, using its telescope radiometer. Second, the satellite itself disseminates the image and other data from Darmstadt to the more remote meteorological offices. Third, it gathers environmental data by UHF radio from ships, buoys, etc. and relays it back to Darmstadt. Initial performance has delighted the meteorologists and provided them with novel views of the earth's atmosphere—such as regular photographs of the moisture content of the entire atmosphere.



Currently the biggest sector of spending by the European Space Agency (ESA) is on Spacelab. This is the manned space laboratory Europe is building to be carried into orbit by the U.S. Space Shuttle, and—unlike Skylab—to be retrieved and brought back for refitting after up to a month in space. Spacelab is a pressurised laboratory module about 4 metres in diameter and up to 7 metres long, within which two scientists will be able to work in a "shirt-sleeve" environment. In addition, the satellite will be able to tow up to five "pallets" carrying larger instruments.

The first Spacelab payload—originally scheduled to be flown late in 1980, but likely to be delayed by problems with the Space Shuttle—has been designed as a multi-disciplinary demonstration of the versatility of the flying laboratory concept. From more than 2,000 responses by scientists to the invitation to design experiments for Spacelab, a total of 78 were chosen by ESA and NASA in 1977. They include physiological experiments on the scientists themselves, such as studies of space sickness, a condition which has interfered with earlier space missions. It may be possible to find motions which counter any inclination towards space sickness on the part of a crew member.

Also aboard for the first flight will be a self-contained materials science laboratory, designed to perform 37 experiments in crystal-growing and the properties and behaviour of materials under gravity-free conditions. Whether or not the results suggest ways of refining more perfect materials, as space enthusiasts often suggest, they should certainly shed much light on the dynamics of materials during the formative stages of the earth and other planets, and of the earth's oceans and atmosphere today.

ESA is also building an orbiting X-ray telescope called Exosat, to investigate cosmic X-ray sources well beyond any interference from the earth's environment. It is designed to be placed in a highly eccentric orbit with an apogee of 200,000 km, so that it can accurately measure the size and structure of X-ray sources deep in space.

Scientifically, the project is a collaboration between 10 research teams in Britain, Holland, West Germany and Italy, together with ESA itself. But for the first time in an ESA/ESRO programme ESA is financing and managing the *scientific payload, comprising* two identical imaging telescopes, an array of proportional counters, and a spectrometer for studying detailed features of the X-rays. This arrangement arises because Exosat will be essentially an ESA observatory, feeding data to many scientists outside the 10 groups participating directly. The satellite is scheduled to be ready for launching in 1981, either by ESA's own Ariane or by a Thor-Delta launch vehicle.

Europe is also participating in NASA's most ambitious scientific project in space astronomy, the space telescope, a 2.4-metre aperture instrument designed to be carried aloft by the Space Shuttle. Scientists believe that the space telescope, designed for a 15-year life, will dominate space astronomy for the rest of the century. It will be accessible by Space Shuttle for repair and maintenance, and if necessary will be brought back to earth for a major overhaul. Thus the telescope will be kept at the forefront of scientific technique, just as if it were a terrestrial observatory.

The Space Telescope is scheduled for launch in 1983. *In return for its work on some* of the instrumentation and the solar power system, ESA is guaranteed 15 per cent of the observing time available. As it points out, this share exceeds the entire clear dark time available on a ground-based telescope. The space telescope is expected to offer astronomers *an order-of-magnitude improve*ment in sensitivity, resolving power and spectral range over present-day instruments.

ESA, in its present form, came into existence in 1975, when the original ten member states voted that the new agency should take over the *rights and obligations* of two precursor organisations, ESRO and ELDO, and responsibility for the Ariane launch base at Kourou in French Guiana. At present its budget, as can be seen from the accompanying curves of financial requirements for approved programmes, is distributed heavily towards the development of an independent European launch capability, and the application of space, especially to telecommunications. But Mr. Roy Gibson, ESA's director-general, has said that ESA is "intent on preserving and if possible expanding its scientific programme, and there are indications that ESA member states will support such an expansion."

A recent survey of financial planning by ESA suggests that an annual budget of 480m Units of Account would "result in good continuity in European programmes." If this were to fall to 420m Units of Account, however, ESA would have to reduce its space activities considerably.

David Fishlock
Science Editor

Power stations in space

IN AN office in Cambridge, Massachusetts, a decade ago a British-educated engineer warmed to his theme that the development of solar energy was "the most sophisticated way we can use energy." The popular view, said Dr. Peter Glaser, is that solar energy is free and all we have to do is to catch it. In fact, even quite simple uses such as solar stills are very difficult to design satisfactorily.

Today Dr. Glaser is identified worldwide as the chief proponent of the most ambitious of all schemes for harvesting solar energy. If President Carter's declared goal of obtaining 20 per cent of the U.S. nation's energy directly from the sun is ever to be realised, it is likely that a large proportion must come from the solar power satellite.

The solar power satellite (SPS) would be geostationary satellite—that is, placed in orbit high enough to remain above the same spot on the earth's surface, as for example telecommunications and broadcasting satellites must do. Its acres of solar cells would be constantly illuminated by the sun. The electricity (direct current) generated would be converted to microwave frequency so that it could be beamed 23,000 miles back to earth. Here it would be caught by great "radio-telescopes" and converted into low-frequency alternating current to enter the national electricity grid.

Dr. Glaser, now a vice-president of Arthur D. Little, the engineering consultants, developed this idea from work his company was doing at the start of the U.S. space programme on the thermal properties of materials in space. He built a solar furnace to generate very high temperatures, but became frustrated by the fact that the sun would not shine for long enough to get things done.

In 1968, he put forward on behalf of his company a tentative scheme for the SPS. Slowly, as the U.S. space programme has declined in public and political interest, the SPS concept has matured into a study, with $5.6m of U.S. Government funding allocated for 1980. But a Bill before Congress aims to raise this to $25m, and the "windfall" tax on U.S. oil companies may provide still more generous funds.

The present goal of the SPS enthusiasts is a prototype SPS designed to yield about 5,000MW of electricity—more than any thermal power station on earth today. The cost, according to the U.S. National Aeronautics and Space Administration, is currently put at about $25bn—the cost of the Apollo programme to put a man on the moon.

As might be expected, the U.S. aerospace industry is enthusiastic about the idea, not least because if successful it would represent a tenfold expansion in man's use of space for one single purpose. Such companies as Boeing Aerospace, Grumman Aerospace, Lockheed Missile and Space, Martin-Marietta Aerospace and McDonnell Douglas all figure in the Sunset Energy Council, the Washington-based organisation headed by Dr. Glaser, which aims "to foster the development of solar power satellites for the purpose of providing an inexhaustible energy source for the public benefit."

The American Institute of *Aeronautics and Astronautics* has concluded that a level of spending of about $30m a year for the next five years would be appropriate for advancing the technology to the point where a firm design for a prototype SPS might be attempted. At the moment there are, it says, "still too many promising but unexplored technical options." Many of these have been outlined by Dr. Glaser himself, most recently late this spring at the 16th Space Congress at Cocoa Beach, Florida, close to Cape Canaveral. He claimed that the long microwave "cable" to earth could be at least 55 per cent efficient, with the prospect of improving to 70 per cent. He also claimed that the lifespan of an SPS would be at least 30 years—possibly 300 years.

As he envisaged his "reference design" of SPS, it would consist of "solar sail" in geostationary orbit, focused on a microwave aerial on the ground. Sunlight would be harvested by a rectangular array of silicon or gallium arsenide solar cells, measuring an astonishing 10 km by 5 km. The solar cells would produce direct current, which would be converted by microwaves of a wavelength of about 10 cm—chosen to minimise radio-frequency interference on earth. These would be transmitted from a flat circular aerial about 1 km in diameter. To allow for the spread of this microwave beam on its long journey, the receiving aerials would be ten times the diameter of the transmitter.

Scale

Some idea of the scale of operations required if the SPS should be accepted as a U.S. national power production project was also offered by Dr. *Glaser. To assemble the huge* engineering structures in space, the project would need not only an advanced version of the Space Shuttle scheduled to make its debut in the coming months, but also the development of a large "space freighter." This craft would be capable of orbiting a payload of up to 500 tonnes, as is Boeing's proposed heavy-lift launch vehicle, for example. In effect this would be an orbiting warehouse, stocked with the construction materials and such machine tools as automatic beam welders. He envisages a construction team of 550—small by terrestrial power station standards but still very large by any standard of space activity. Ten launch sites for shuttles and space freighters would be needed to put this team into orbit and keep it serviced. Once assembled, however, it is envisaged that the SPS would be operated by remote control from the receiving points on the ground.

Not surprisingly, there are plenty of sceptics and even dedicated opponents of the SPS. One objection comes from those opposed to all centralised control of electricity, whose attack hitherto has focused particularly on nuclear power as the new source of centralised tions are raised by *those* who see it intruding in new and not necessarily benign ways into man's environment. The main inefficiencies — conversion of sunlight to electricity and its subsequent conversion to microwaves — stay far out in space, so "thermal pollution" is well away from the atmosphere. But problems could still arise from the microwave beams, not least if their focus should shift from the receivers on to a city. Moreover, the rocket exhaust from the immense number of space launches *from the ten* launch sites could well introduce new atmospheric pollution problems.

Dr. Robert Frosch, administrator of the National Aeronautics and Space Administration (NASA), was sufficiently wary of the SPS concept to quash any idea of lobbying on NASA's part for an early start to the project. In Europe a few months ago to discuss progress on the Space Shuttle, Dr. Frosch admitted that he was "rather sceptical" about several aspects. He wanted to know more about the engineering problems, the environmental effects and, above all, the economics.

"I certainly don't understand the economics and I'm not sure that those who talk about it do." NASA's current estimates, he said, suggest that electricity from an SPS would be no cheaper than an equivalent amount of nuclear or coal-fired plant, even though the fuel would be free. And the project would have the disadvantage of requiring all its capital at once, for a very large tranche of electricity. Figures NASA has been conjuring with are $50bn to set up the project and another $25bn to build the first SPS. But even these figures made such assumptions as solar cell efficiencies of 17 per cent—"and we've barely done that in the laboratory."

David Fishlock

LOMBARD

Breaking away from £8½bn

BY PETER RIDDELL

THE FIGURE £8½bn has assumed a symbolic significance for the City in the last three years. Above this level public sector borrowing has been regarded as excessive and below it the markets have in general been content, or at any rate willing to buy gilts. Whenever borrowing has even threatened to move above this figure the alarm bells have rung.

The Government first set a limit on public sector borrowing of around this level following the lengthy negotiations with the International Monetary Fund in autumn, 1976. The subsequent importance of the figure has had more to do with the hand-to-mouth character of official monetarism than with any underlying economic logic. There is nothing special about £8½bn as such, or for that matter £7½bn or £9½bn. The markets have been suspicious of Government intentions and the need to sell a continuing large amount of gilts has not allowed any escape. But the Conservative Treasury Ministers are now looking at ways of moving away from this kind of target.

Main point

A borrowing limit set as a fixed money figure can be criticised on both monetarist and non-monetarist grounds. The main point is that such a target *ignores other economic influences.* For instance, the impeccably monetarist London Business School argued in its recent Economic Outlook that a projected rise in public sector borrowing from £8.5bn in the current financial year to £10.9bn *in 1980-81 should not cause concern.*

The main reason for the rise is the forecast recession next year which reduces revenue and boosts expenditure on welfare payments. The increase reflects the operation of built-in stabilisers and *is not a deterioration* in the underlying or constant employment level of borrowing. This reflects the view that a budget deficit which may be wholly inappropriate when demand is buoyant, may be all right during a recession.

Consequently a good deal of work has gone into calculating constant or full employment budget balances which adjust for cyclical variations. The usefulness of such measures as yardsticks for judging fiscal policy in the long-term was, for *instance, urged by Mr. Terry* Ward and Professor Robert Neild, of Cambridge, in their Institute of Fiscal Studies' report (The Measurement and Reform of Budgetary Policy) which led to the formation of Lord Armstrong's committee of inquiry.

The Treasury has been sceptical; a working paper by its own economists 18 months ago concluded that this type of *adjusted budget balance could* only be one indicator among the several which must be used to assess economic policy. Its usefulness might anyway be limited by the "dependence of the calculations on arbitrary and artificial assumptions and on econo-metric relationships which are subject to wide margins of error."

Moreover, as the Treasury paper noted, such adjusted balances take no account of the monetary consequences of the need to finance the actual budget deficit. One reason for fixing a target in cash terms is that this is easily intelligible to the market which can then make assumptions about the likely size of gilt sales.

The snag is that a cash ceiling lasting longer than a single year takes no account of inflation. Thus a fixed borrowing limit of £8½bn was equivalent to 6½ per cent of Gross Domestic Product at market prices in 1977-78 but only just over 4½ per cent in the current financial year. This represents a big *change in the underlying fiscal* stance.

One target

The Government's thinking was indicated by Sir Geoffrey Howe in a written answer just before the recess. He reaffirmed the official commitment to "a progressive reduction of the rate of growth of the money supply and, as a means to that end, we are determined to reduce the PSBR as a percentage of GDP."

It is sensible for the Government to focus primarily on one target rather than several, even though sterling M3 is fallible as a measure of monetary policy. This concentration would allow any medium-term PSBR objec*tives to be more flexible, taking* account of cyclical variations and of inflation. This would have to be part of a medium-term strategy if it was to be plausible, and the Government has a big job of education and persuasion if it is to wean the *City away from a permanent* £8½bn limit.

Roses: a case of Lovett first sight

GARDENS TODAY

BY ROBIN LANE FOX

THE HOT and heavy weather has not done justice to the best of this summer's roses. They hang their heads and quickly lose their petals. The reds turn purple and fade. The whites go brown at the edges. No rain knocks off the dead flowers. There is none of the damp coolness which does so much for their evening scent.

To my eye, the ramblers and climbers are the most spectacular in such a season. Their large blankets of flower, are held at a height where you cannot see their individual imperfections. No other country has the *same profusion of* climbing roses, not even the hill villages of those parts of Afghanistan where the huge white single-flowered varieties grow wild through the poplars. Our roses are a consequence of the cottage and the rustic suburb buildings whose height and walls can support them. There is not the same scope on the fronts of tall and inward facing blocks of flats, the core of a Mediterranean town.

Climber choice

If you have just bought yourself a home for a few roses and are wishing to OPEC that it was nearer the centre of the town, console yourself, at least, with the choice of climbers which is open to you. If you have an eye for colour, you must begin from the colour of your house's walls. Paul's scarlet and 1950s urban brick are a most unhappy pair. The colours of new hybrid roses fit with *almost nothing, least of all* the dominant builder's material of the years of their popularity. That awful fashion for yellow bricking and timber facing coincided with orange super star. Sugary-pink Queen *Elizabeth caught the peak of* burnt red tiling and tudorbethan brick. I like strong yellows on grey stone or limestone, blush white on brick, dark red on whitewash, pale pink on anything and strident danse du feu nowhere. So, size up your wall before you start.

Consider height and season carefully. This year, I can still enjoy the fruits of an earlier lunacy. But by 1981 I will have to prune my way through a jungle in order to get any midsummer articles off to the printers. For I have gone and put the small flowered white felicite et perpetue on a seven-foot high garden shed. The shed itself was a disaster, one of those pay-as-you-go jobs for cash which coincided with two moonlighters' flits on holiday, a third who thought it would look best with a flat roof and a fourth who finished it off in the week of his daughter's wedding and must have been planning to give 200 fellow moon-beams champagne and strawberries on his front lawn, to judge from his bill on the following morning.

As a parting shot they had made the doorway too narrow for my cut-price, recycled door. So the shed stands open to the cats and wind, *an eyesore* fit only, at first sight, for a thoroughly rampant rambler. Felicite et perpetue sprang hastily to mind. It has a pleasantly late season, beginning in mid-July. It *smells of* primroses. Its small white flowers hang in abundance on vigorous stems from an early age. I succumbed to the thought of it, having pleased a friend with an old suggestion that he could grow it on the sloping banks beside his orchard. For two or three years, it will look as fine as anything could. But then, it races off to a thorny height and width of twenty feet. The shed will be swamped. My path will be barred. The moonlighters will be back to cut a tunnel into it by torch-light. I ought to have been patient and chosen something less vigorous.

Among rampant roses, *readers* ought to know my favourites by now: pale blush-white new dawn, an essential late rose, single yellow mermaid, pale pink Mme Gregoire Staechlin, lemon-white pauls lemon pillar, rampant Easleas golden rambler, deep red crimson glory and silver-white Mme Alfred Carriere for a north wall. Of these, enough has been said. But at lower heights, there are still some good discoveries to be made. Like most explorer's triumphs, they are usually re-discoveries, for these are heaps of good old climbers which only the specialist nurseries still try to spread. Peter Beales, Intwood Nurseries, Swardeston, Norwich, will quote you a price for any I mention if your local sources fail.

How many gardens now bother with Blairii No. 2? I marvel at this flat and exquisitely scented silver-pink bourbon rose, able to be staked or pinned to a height of eight or so. Was it an afterthought, all that Mr. Blair had left when he lost every plant, perhaps, of some long-forgotten Number 1, so he never named it and let it loose to the public as some ignored second-best? If you mistrust it and fear black spot, see it next year at Sissinghurst Castle, Kent where it is superbly shown. You must not allow it to become leggy. You must be willing to prune it and pin it. You will have to spray the fat buds against white fly and reckon that its leaves are likely to catch black spot eventually. But in its single season of flower, it is so sweet and so prettily-shaped that any keen rose-grower ought to have it.

If you are packing up your golden wads of sterling and buying a place in the European sun, remember to think of taking Lady Hillingdon with you. When warm, she would make a superb companion, a lady of no fuss, no pests, no nasty smells, healthy for a lifetime and free with her charms.

Bred in 1910, she started climbing in 1917. It took her far. She is not so fashionable nowadays, despite the title and the good track-record. But her qualities are still not surpassed in any one rose. Her flowers have two seasons and a bud or two in the interval. They are shapely, as all the lady-roses of her time once were. Their scent is exquisite, a heavy air of freshly-opened tea which explains the name tea roses. The leaves are grey-green. The young stems are a thrusting plum-red, the flowers are an apricot without any trace of flame or salmon-pink. In England, she finds the frosts at times too much for her. She likes to go south for the winter. In a Mediterranean bolt-hole, she would be at her best, some ten feet high if well-watered and fed.

Underrated

Madeleine Selzer is as different as she sounds, but still, I think, an underrated old variety. No, she does not have a fizzling white sister called Alka. In fact, she is a rambler, but her flowers are prolific, still seen in old gardens where they were planted in the 1920's, proof of their vigour. They vary from cream to lemon-white, but stop at around ten feet and have the great advantage of being almost thornless.

The shell-pink Alida Lovett shades into yellow at the base of the large flowers, but makes a fine companion, unjustly ignored since her birth in 1905. It was Lovett first sight when I saw her this summer on an old wall, not least because of her vigour and sweet scent. It is a commonplace that modern bush roses are never better than the old one. The same truth, however, is seldom seen in the climbers too. Flat white Sombreuil, healthy yellow emily gray, buff-yellow old rose d'or: these are still roses which draw few pests and all eyes. Among roses, the newest is very seldom best.

Thatching looks set for hat-trick

RACING

BY DOMINIC WIGAN

THATCHING, valued at about £1m by Mr. Robert Sangster after the colt's July Cup triumph, will double that valuation if successful in today's Sussex Stakes.

Top-class colt sprinters with pedigrees to match are still much in demand as stallion prospects, but a colt with those assets and also the ability to maintain ascendency over a mile joins an even more illustrious category.

Although it is asking much of Thatching to complete a hat-trick in today's mile event, following six furlong victories in the Cork and Orrery and William Hill July Cup over such dour battlers as Spence Bay and Kris, *I believe he will prove up* to the task.

The Vincent O'Brien-trained four-year-old, whose 1978 efforts over a mile and nine furlongs were smart rather than of the highest grade, had his rivals in trouble a long way from home, both at Royal Ascot and Newmarket.

This afternoon, Lester Piggott will be faced with the tricky problem of deciding whether to let Thatching bowl along from the start or try to restrain him for a late effort. In what promises to be one of the most absorbing Sussex Stakes for many years, I expect to see Thatching swamp the gallant Kris for speed close home. Spence Bay, a specialist miler, may take a minor berth.

In the Richmond Stakes it *is difficult* to look beyond the unbeaten Varingo, who sprang into the public eye on his debut here before landing the Berkshire Stakes at Newbury and Royal Ascot's 18-runner Coventry Stakes. Never in danger in the latter event, the *brown son of Saulingo could* undoubtedly have found more had runner-up *London Bells* threatened him close home. The second has since lowered The Minstrel's six-furlong course record for two-year-olds at the Curragh.

On yesterday's opening day of the Goodwood meeting, the major upset was Claerwen's defeat in the Molecomb Stakes. Backed as if success were a formality, Claerwen looked to have overcome earlier troubles when hitting the front 100 yards from home. Nevertheless, Keep Off snatched the verdict in the last few strides. However, I feel sure that Claerwen would have run out a comfortable winner, had she not received a hefty bump two furlongs from home.

GOODWOOD

2.15—Omourman
2.45—Varingo
3.20—The Solent*
4.00—Thatching***
4.30—Tilting
5.00—Funny Sunday**

TV Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra-high frequency only). 9.30 Roobarb. 9.35 Jackanory. 9.50 C.B. Bears. 10.10 Why Don't You . . . ? 10.35 The Flashing Blade. 1.15 pm News. 1.30 Barbaby. 2.00 Glorious Goodwood. 4.18 Regional News for England (except London). 4.20. Play School (as BBC2 11.00 am). 4.45 King Cinder. 5.10 Wildtrack. 5.35 Captain Pugwash.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.50 The Wonderful World of Disney.
7.40 The Liver Birds.
8.10 The Omega Factor.
9.00 News
9.25 Lena's Music.
9.55 Come Dancing.
10.35 *Medical Express.*
11.05 Honour Royal.
11.45 Weather/Regional News.

All Regions as BBC-1 except at the following times:—

Scotland—5.55-6.20 pm Reporting Scotland. 11.45 News and Weather for Scotland.

Wales—5.10 pm Siangdifang. 5.30-5.40 Dan A'r Deinosor 5.55-6.20 Wales Today. 6.50 Heddiw. 7.10-7.40 Pawb Yn Ei Fro. 10.35-11.05 Troi'r Dail. 11.45 News and Weather for Wales.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.45 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth).

BBC 2

6.40-7.30 am Open University.
10.20 Gharbar.
11.00 Play School.
4.30 pm Open University.
6.55 Adventure.
7.45 Mid-evening News.
7.55 Mother Nature's Bloomers.
8.25 Soccer: West Bromwich Albion v. The People's Republic of China.
9.15 My Music.
9.40 Seven Artists.
10.10 Late News.
10.15 "Life Love Death."

LONDON

9.30 am The Living Body. 9.45 It's More Life. 10.05 Farmhouse Kitchen. 10.30 Dry Australia. 10.50 Family. 11.40 Rocket Robin Hood. 12.00 Cloppa Castle. 12.10 pm Stepping Stones. 12.30 Emmerdale Farm. 1.00 News, plus FT index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon Plus At Home. 2.25 Racing from Redcar (covering the 2.30, 3.05 and 3.35 races). 3.50 Definition. 4.20 The Sooty Show. 4.45 Enid Blyton's Famous Five. 5.15 Batman.

5.45 News.
6.00 Thames News.
6.05 Father Dear Father.
6.35 Crossroads.
7.00 Don't Just Sit There.
7.30 Coronation Street.
8.00 The Benny Hill Show.
9.00 I Look Like This.
10.00 News.
10.30 Murder at the Wedding.
11.30 Crits.
11.45 Barney Miller.
12.15 am Close: Actor Hugh Morton reads from Brother Roger of Taize.

All IBA Regions as London except at the following times:—

ANGLIA

10.30 am All Snails and Sauerkraut. 11.00 The Roger Whitaker Show 11.25 The Southerners 11.55 Cartoon Time. 1.25 pm Anglia News. 2.00 Houseparty. 5.15 Mr. and Mrs 6.00 About Anglia. 11.30 Power Without Glory. 12.30 am The Big Question.

ATV

9.15 am Something Different. 10.30 Here Comes Mumfie. 10.40 The Nature of Things. 11.35 The Lone Ranger. 1.20 pm ATV Newsdesk. 5.15 Sam. 6.00 ATV Today. 11.30 Have Girls, Will Travel.

BORDER

10.35 am All Snails and Sauerkraut. 11.00 The Roger Whittaker Show. 11.25 The Southerners. 11.50 Cartoon Time. 1.20 pm Border News. 2.00 Houseparty. 5.15 The Flintstones. 6.00 Lookaround Wednesday. 11.30 The Andy Williams Show. 12.00 *Border News Summary.*

CHANNEL

1.20 pm Channel Lunchtime News and What's On, Where? 5.15 Little Vic 6.00 Channel News. 6.10 Talking Bikes 10.28 Channel Late News. 11.30 The New Avengers. 12.25 am News and Weather in French followed by Epilogue.

GRAMPIAN

9.25 am First Thing. 10.35 All Snails and Sauerkraut. 11.00 The Roger Whittaker Show. 11.25 The Southerners. 11.50 Cartoon Time. 1.20 pm Grampian News Headlines. 5.15 Wild, Wild World of Animals. 6.00 Grampian Today and Farming News. 6.10 Laverne and Shirley 11.30 The Child Wants A Home. 12.00 Reflections. 12.05 am Grampian Late Night Headlines.

GRANADA

10.30 am Tarzan. 11.15 Clapperboard 11.40 The Beatles 1.20 pm Dick Tracy. 5.10 Felix The Cat. 5.15 Crossroads 6.00 Granada Reports. 6.30 The Squirrels 11.30 SWAT.

HTV

10.30 am All Snails and Sauerkraut 11.00 The Roger Whittaker Show. 11.25 The Southerners. 11.55 Peer Gynt—Mountain King. 1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 5.20 Crossroads 6.00 Report West. 6.15 Report Wales. 6.30 The Lovers. 11.30 Celebrity Concert.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion Y Dydd. 4.20-4.45 Rydw i Am Fod. 6.00-6.15 Y Dydd.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.00-6.30 Report West.

SCOTTISH

10.35 am All Snails and Sauerkraut. 11.00 The Roger Whittaker Show. 11.25 The Southerners. 11.55 Cartoon. 1.25 pm News. 5.15 Popeye. 5.20 Crossroads. 6.00 Scotland Today—Summer Extra. 6.30 *Talking Scots.* 11.30 Late Call 11.35 The Entertainers—Vince Hill.

SOUTHERN

10.35 am All Snails and Sauerkraut 11.00 Untamed World. 11.20 Cloppa Castle. 11.30 Stepping Stones. 11.50 The Royal Warden. 1.20 pm Southern News. 2.00 Houseparty. 3.50 Emmerdale Farm. 5.15 Dick Tracey Cartoon. 5.20 Crossroads. 6.00 Day by Day. 6.35 *Scene Midweek (South-East area only).* 11.30 Southern News Extra. 11.40 George Hamilton IV.

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 10.30 All Snails and Sauerkraut. 11.00 The Roger Whittaker Show. 11.25 The Southerners 11.55 Cartoon Time. 1.20 pm North East News and Lookaround and Where The Jobs Are. 5.15 The Brady Bunch 6.00 Northern Life 11.30 Police Woman. 12.30 am Epilogue.

ULSTER

10.30 am All Snails and Sauerkraut. 11.00 Roger Whittaker Show. 11.25 The Southerners. 11.55 Cartoon. 1.20 pm Lunchtime 4.18 Ulster News Headlines. 5.15 Cartoon Time 5.20 Crossroads. 6.00 Ulster Television News. 6.15 The Sound of . . . The Settlers. 6.30 The Flintstones. 11.30 Take The Mick. 11.55 Bedtime.

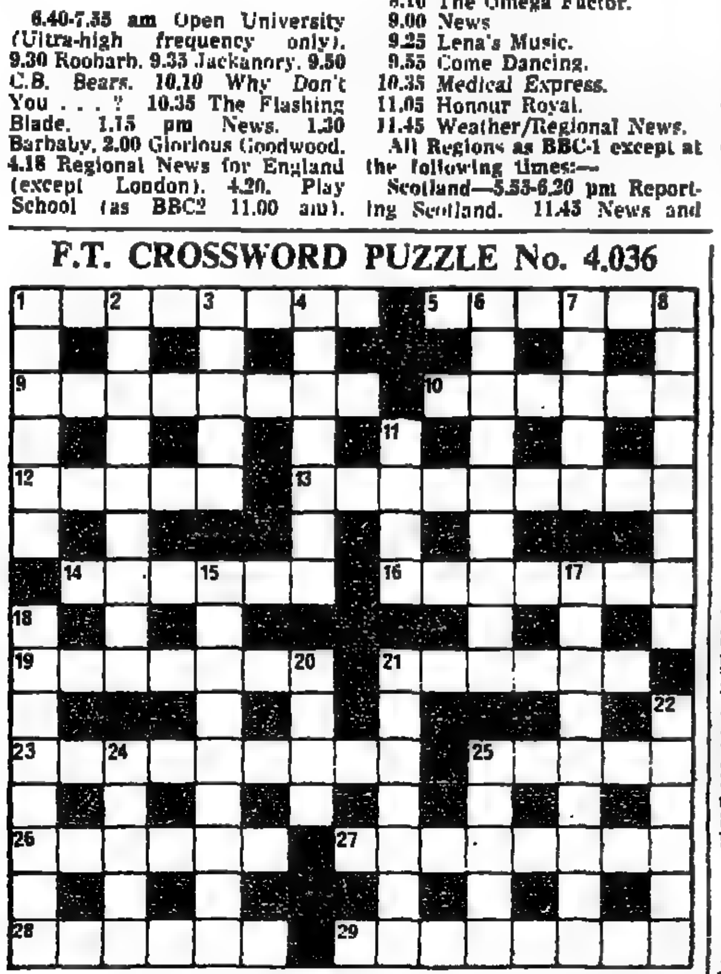
WESTWARD

10.35 am All Snails and Sauerkraut 11.00 The Roger Whittaker Show. 11.25 The Southerners 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.15 Little Vic. 6.00 Westward Diary 10.28 Westward Late News 11.30 The New Avengers 12.25 am Faith For Life. 12.30 West Country Weather and Shipping Forecast.

YORKSHIRE

10.30 am Moby Dick and Mighty Mightor 10.45 Alright Now. 11.10 Young Ramsey 1.20 pm Calendar News 5.15 Out of Town. 6.00 Calendar (Emley Moor and Belmont editions) 11.30 The Odd Couple. 12.00 The Entertainers.

F.T. CROSSWORD PUZZLE No. 4,036



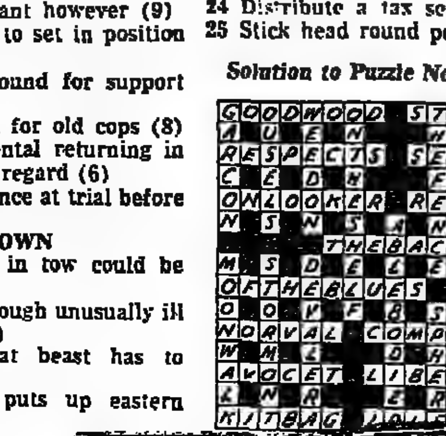
ACROSS

1 Value of total sales in pastry (8)
5 Walk with goblin from the south (6)
9 Lad embracing handsome woman is tagged (8)
10 Sly about gun put back comfortably (6)
12 Gold cut off top of deck (5)
13 Check light for important game (4-5)
14 A small drink for each little boy (6)
16 Scrape away profit (4-3)
19 Bridge or other card game (7)
21 Do pray for a change in burlesque imitation (6)
23 Most ignorant however (9)
25 Machinery to set in position (5)
26 I'll fish around for support (6)
27 Vital jewel for old cops (8)
28 Meets Oriental returning in favourable regard (6)
29 Gave evidence at trial before editor (8)

DOWN

1 Everybody in tow could be fat (6)
2 Rising although unusually ill on beer (9)
3 Flower that beast has to face? (5)
4 One who puts up eastern vicar (7)
6 Wine producer should provide his own cover (4-5)
7 Anything abnormally tough (5)
8 Place beam of light in part of gear-box (3-5)
11 You serve an employer in part (4)
15 Prone to get start of reaction in gland (9)
17 Strange chap dismissed, being a social misfit (3-3-3)
18 Sweet jokingly made in bed (5-3)
20 Fastener made by hand? (4)
21 Offer gift now (7)
23 Be present at a race and finish (6)
24 Distribute a tax set up (5)
25 Stick head round pole (5)

Solution to Puzzle No. 4,035



Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92 5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92-95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡ Medium wave

5.00 am As Radio 2 6.00 Andy Peebles 9.00 Peter Powell. 11.00 Radio 1 Roadshow 12.30 pm Newsbeat. 12.45 *Paul Burnett.* 2.00 Tony Blackburn 4.31 Kid Jensen. 7.00 Radio 1 Mailbag 8.00 Mike Reed 9.50 Newsbeat 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2. 8.00 Listen To The Band (S) (continued from Radio 2 7.33 pm). 8.15 The Magic of the Musicals (S). 9.02 Noel (S). 9.30 With Radio 2. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Tony Brandon (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S). 2.15 David Hamilton (S) including Racing from Goodwood. 4.15 Much More Music (S). 5.00 News. 5.05 Waggoners' Walk. 5.20 John Dunn (S). 6.45 Sports Desk. 7.02 The Organist Entertains (S). 7.30 Sports Desk 7.33 Listen to the Band (S). 8.00 Soccer Special: West Bromwich Albion v China 9.30 Noel (S) (continued from vhf 9.02 pm). 9.55 Sports Desk 10.02 The Impressionists 10.30 Hubert Gregg says Thanks for the Memory 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am *You and The Night and The Music* (S)

RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice, part 1 (S). 8.00 News. 8.05 Your Midweek Choice, part 2 (S). 8.55 Rural Rhymes. 9.00 News. 9.05 This Week's Composer: Busoni (S). 10.00 Music For Organ (S). 10.35 C. P. E. and J. S. Bach flute and harpsichord recital. 11.15 Robin Followay (S). 12.25 pm Royal Liverpool Philharmonic Orchestra concert, part 1 (S) 1.00 News. 1.05 RLPO, part 2 (S). 2.25 Fifty Years of British Music (S). 2.55 A Concert of Czech Music, part 1 (S). 3.30 Interval Reading. 3.35 Concert, part 2. *4.25 Reger's Later Music* (S). 5.10 Young Music-Makers (S). 5.25 Homeward Bound (S). ‡5.45 News. ‡5.50 Homeward Bound. ‡6.15 At Home. 7.10 The Scholars sing excerpts from Banchieri's Festino (S). 7.30 Proms 79, part 1: Sibelius, Holmboe (S). 8.25 The Arts Worldwide. 8.45 Proms 79, part 2: Beethoven (S). 9.35 On Being A Good Animal (talk by John Benson). 10.00 Music for Chorus (S). 11.55-12.00 News.

VHF Only—6.00-7.00 am and 5.45-7.10 pm Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.45 The Young Visiters by Daisy Ashford. 9.00 News. 9.05 Gardeners' Question Time. 9.35 God In My Language. 10.00 News. 10.05 The Living World. 10.30 Daily Service. 10.45 Morning Story. 11.00 The Magic of Music (S). 11.45 Listen With Mother. 12.00 News. 12.02 pm You and Yours 12.27 I'm Sorry I Haven't A Clue (S). 12.55 Weather, programme news. 1.00 The World at One. 1.40 The Archers. 1.55 *Shipping forecast.* 2.00 News. 2.02 Women's Hour 3.00 News. 3.05 Afternoon Theatre (S) 3.50 Choral Evensong (S). 4.35 Story Time. 5.00 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather: programme news 6.00 News 6.30 The Enchanting World of Hinge and Bracket (S) 7.00 News. 7.05 The Archers. 7.20 Let's Get This Settled. 7.45 Lifelines in Medicine. 8.45 A Toast Unto Her Majesty: The Queen Mother, who is installed today as Lord Warden of the Cinque Ports. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Round Europe Quiz 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Music at Night. 12.00 News.

BBC Radio London

5.00 am As Radio 2 6.30 Rush Hour. 9.00 London Live 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 7.00 Black Londoners 8.00 In Concert. 10.03 Late Night London. 12.00-5.00 am Join Radio 2

London Broadcasting

5.00 am Morning Music. 6.00 The AM Show. 10.00 Brian Hayes. 1.00-8.00 pm LBC Reports with George Gale at 3.00. 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S) 12.00 Dave Cash (S). 3.00 pm Peter Young (S). 7.00 London Today (S). 7.30 Jazz on a Summer's Day with Adrian Love (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S) 11.00 Mike Allen's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

هكذا من الأصل

ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. Credit Cards. 01-240 5258. Reservations 01-836 3161. ENGLISH NATIONAL OPERA Season opens Mon. Aug. 6 at 7.30: The Rhinegold. Tues. Aug. 7 at 6.30: The Valkyrie. Thurs Aug 9 at 5.30: Siegfried. Sat Aug 11 at 4.30: Twilight of the Gods. Now booking for September.

COVENT GARDEN. CC. 01-240 1066. (Gardencharge Credit Cards 01-836 6903) 23 July-4 August MARTHA GRAHAM DANCE COMPANY with LIZA MINNELLI (Ton't 3*, 4* Aug. at 7.30). Evgs. 7.30, Sat. Mat. 2.00 Ton't. Diversion of Angels [illegible] The Owl and the Pussycat (Minnelli)*. Tomor. The Owl and Lamentation/Diversion of Angels; Aug 3: Appalachian Spring/Phaedra/The Owl and the Pussycat (Minnelli)* Aug. 4: 2.00 Cave of the Heart/O thou desire [illegible] The Owl and the Pussycat (Ebber); 7.30 Seraphic Dialogue/Episodes/Errand into the Maze/The Owl and the Pussycat (Minnelli)*. Seats available. 65 Amphi seats avail from 10 am on day of perf. *Please note change of programme.

GLYNDEBOURNE. 0273 812411-813424. Sold Out—possible returns only Tonight, Fri., Sun. & Tues. at 5.20: Le Pecadis [illegible] Tomor., Sat & Mon. at 5.10: Cosi fan tutte. With London Philharmonic Orchestra. FINAL WEEK. TRAINS have been erratic and patrons are advised that performance will start punctually and will not necessarily be delayed if trains are late.

ROYAL FESTIVAL HALL. 01-928 3191. This Week Only. Evs. 7.30. Mat. Sat. 3. GALA BALLET SEASON Maina Gielgud Yoko Morishita, Galina Samsova, Martine Van Hamel, Jonathan Kelly Kelvin McKenzie, Peter Schaufuss, Tetsutaro Shimizu. Gala Ballet Orch. and Corps de ballet. Act 2, Swan Lake Act 3, Sleeping Beauty, and a selection of popular divertissements.

SADLER'S WELLS THEATRE. Rosebery Ave., EC1. 837 1672. Aug. 17-18. DANCE THEATRE OF HARLEM Evgs. 7.30. Mat Sat. 2.30. Instant CC. Bookings on 837 7734-7508. "SPECTACULAR, SENSATIONAL . . . MIND BENDING AND EMOTIONAL." Ev. Mail. "This should not be missed." S. Tel. "Prodigious success." Guardian.

THEATRES

ADELPHI THEATRE. 01-836 7611. Evenings at 7.30. Mats. Thurs. at 3.00. Sats 4.00. JOHN INMAN in "GLORIOUS FARCE" Daily Tel. CHARLEY'S AUNT "Thoroughly enjoyable." Sun. Tel. "Laughs flow freely." N. of World.

ALBERY. From 8.30 am incl. Suns. 836 3878. CC bookings 836 1071-3. Evgs 7.45. Thur. and Sat. 4.30 and 8.00. A THOUSAND TIMES WELCOME IS LIONEL BART'S OLIVER "MIRACULOUS MUSICAL." Financial Times. With ROY DOTRICE GILLIAN BURNS MARGARET BURTON Party rates and student stand-by avail.

ALDWYCH. CC. 836 6404. Info. 836 5332. Fully air-conditioned. ROYAL SHAKESPEARE COMPANY in repertoire Ton't. 7.30. Tomor. 2.00 & 7.30 John O'Keeffe's WILD OATS "More fun than almost anything on the London stage." Guardian. With: Bulgakov's THE WHITE GUARD (next perf. Mon.) and ANTONY AND CLEOPATRA. RSC also at THE WAREHOUSE (see under W).

AMBASSADORS. CC. 01-836 1171. Evs. 8.00. Fri. and Sat. 5.30 and 8.30. DINSDALE LANDEN, GWEN WATFORD DAVID BURKE, ANGELA DOWN BODIES by JAMES SAUNDERS "THE IMPACT HIT ME LIKE A THUNDERBOLT FROM JOVE. THE LANGUAGE BLAZES WITH WIT AND INTELLIGENCE AND ITS THEME ELECTRIFIES." Daily Mail. BODIES "WHEN WE HAVE LAUGHED AT ITS WIT, BEEN HELD IN THE GRIP OF ITS DRAMA AND REVELLED IN THE COLOURS AND LAYERS OF ITS LANGUAGE, BODIES STILL RAISES ECHO AFTER ECHO IN OUR MINDS AND HEARTS. DINSDALE LANDEN'S PERFORMANCE IS WORTH GOING MILES TO SEE." Bernard Levin. BODIES "MR LANDEN GIVES WHAT I INSIST IS THE BEST PERFORMANCE BY A MODERN PLAY NOW TO BE SEEN IN LONDON." Ex. News.

APOLLO THEATRE. CC. 01-437 2663. Evs. 8.0. Sat. 5.0 and 8.0. Mat. Thu. 3.0. IAN LAVENDER [illegible] A VERY [illegible] THE AUTHORS OF BOEING BOEING "FEYDEAU LIVES. CA VA!" Gdn. "IT WILL PROBABLY RUN AND RUN." Daily Mail.

ARTS THEATRE. 01-836 2132. TOM STOPPARD'S DIRTY LINEN "Hilarious . . . see it." Sun. Times. Monday to Thursday 8.30. Friday and Saturday 7.00 and 9.15. NOW IN ITS 4th YEAR.

ASTORIA CHARING X Rd. S. CC. 01-734 4291 or 439 8031. Mon.-Thurs. 8 pm. Fri. and Sat. 6 and 8.45 pm. [illegible] "ENERGY AND VITALITY AND SHEER EXUBERANCE." Daily Express. "AS SLICK, SMOOTH & SLEEK AS GREASE SHOULD BE." The Sun. Group bookings 01-437 3856.

CAMBRIDGE. 01-836 6056. Also open Sun. 11 am-7 pm. CC 01-836 7040. Mon.-Thur. 8.00. Fri. and Sat. 5.00 and 8.00. THE CRITICS RAVED ABOUT CHICAGO THE HIT BROADWAY MUSICAL FROM AUG. 1. [illegible] Group bookings [illegible]

COLLEGIATE THEATRE. 01-388 7824. 387 9629. DOGG'S HAMLET, CAHOOT'S MACBETH by the American Repertory Company. [illegible] Engagement [illegible]

COMEDY THEATRE. 01-930 2578. Mon.-Sat. 8.00. Mat. Fri., Sat. 5.30 and 8.30. THE ONLY ROCK 'N' ROLL SHOW THE ROCKY HORROR SHOW [illegible]

CRITERION. From 8.30 am incl. Suns. 930 3216. CC bookings 836 1071. Mon.-Thurs. 8. Fri. and Sat. 5.45 and 8.30. IAN McKELLAN, TOM BELL "I DOUBT IF THERE ARE TWO FINER PERFORMANCES IN LONDON." [illegible] BENT by Martin Sherman Directed by Robert Chetwyn "FASCINATING A WORK OF CONSIDERABLE DIGNITY AND PASSION." Gdn.

DUCHESS. 01-836 8243. Mon. to Thurs. Evs. 8.00. Fri. and Sat. 5.30 and 8.15. OH! CALCUTTA! "The nudity is stunning." Daily Tel. 10th INCREDIBLE YEAR

DRURY LANE. CC. 01-836 8108. Evs. 8 pm. Fri. and Sat. [illegible] "The dancers vibrate, oscillate and pulsate while toppers, tails and baubles [illegible]" BOOK NOW [illegible] AUG. 15. ENDS SAT. AUG. 18.

DRURY LANE. CC. 01-836 8108. Opens September 25th. Previews from September 21. CAROL CHANNING in HELLO DOLLY! with Eddie Bracken. Box Office Now Open.

FORTUNE. 836 2238. Evgs. 8.00. Mats. Thurs. 3.00. Saturdays 5.00 and 8.00 AGATHA CHRISTIE'S MURDER AT THE VICARAGE FIFTH GREAT YEAR.

GARRICK. CC. 01-836 4601. Evgs. 8.00 (sharp). Wed. 3.00. Sat. 5.30 and 8.30 GARETH HUNT in IRA LEVIN'S DEATHTRAP "BEST THRILLER." Dly. Telegraph. "VERY INGENIOUS, VERY FUNNY, VERY EXCITING." Fin. Times.

GLOBE THEATRE. CC. 01-437 1592. Mon. to Fri. Evs. 8.00. Mats. Wed. 3.00 Saturdays 5.00 and 8.30 ANTON RODGERS GEMMA CRAVEN DIANE LANGTON ANDREW C. WADSWORTH DAVID HEALY in SONGBOOK A new musical by MONTY NORMAN and JULIAN MORE "This stunning occasion . . . the best British musical of this year and a few years gone." F. Times. "Extremely funny . . . received with delight." E. Standard. "Brilliant cast." E. News. "Happy celebration of fifty tunsmith years." D. Tel.

GREENWICH THEATRE. CC. 01-858 7755. Evenings at 8.00 (sharp). Mat. Sat. 2.30. "Pirandello's great play." Ev. Std. SIX CHARACTERS IN SEARCH OF AN AUTHOR. "I urge everyone to see it." S. Tel. Tickets from £1.60. MUST END AUG. 4.

HAYMARKET. CC. 01-930 9832 Evenings 8.00. Wed. 2.30. Sat. 4.30 and 8.00 KEITH MICHELL SUSAN HAMPSHIRE in THE SHERLOCK HOLMES MYSTERY THE CRUCIFER OF BLOOD by PAUL GIOVANNI "The kind of spectacle I cannot recall since boyhood . . . terrific stuff." News.

HER MAJESTY'S. CC. 01-930 6606. Evenings 8.00. Fri., Sat. 5.15 and 8.45 AIN'T MISBEHAVIN' The New Fats Waller Musical Show "A RIOTOUS HIT." Daily Mail. "JUBILANT, THE BEST PERFORMANCE OF ANY KIND IN LONDON." Obs.

KING'S HEAD. 01-226 1916. Dnr. 7.30 Show 8.30. FIFTY WORDS, BITS OF LENNY BRUCE. "Certain acts are just sheer brilliance." Time Out.

LYRIC THEATRE. CC. 01-437 3686. Evs. 8. Mats. Wed. and Sat. 3. JESSICA TANDY HUME CRONYN In the 1978 Pulitzer Prize play THE GIN GAME Directed by MIKE NICHOLS From Broadway. Limited Season "EXTREMELY FUNNY." New Yorker.

MAYFAIR. 01-629 3036. Evenings 8.00. Sat. 6.00 and 8.45 A DAY IN HOLLYWOOD A NIGHT IN THE UKRAINE A MUSICAL REVUE "Sustained non-stop comedy." E. News. "Laugh riot . . . sheer fun . . . not to be missed." S. Express. "The funniest script the Marx Brothers ever wrote." Daily Mail.

NATIONAL THEATRE. 'S' CC. 928 2252. OLIVIER (open stage): Ton't 7.0 (low price preview). Tomor 7.30 AS YOU LIKE IT by Shakespeare. LYTTELTON (proscenium stage): Ton't 7.45 Tomor 3.0 (low price mat) and 7.45 THE PHILANDERER. COTTESLOE (small auditorium): From Aug 9 at 8.00 WINGS by Arthur Kopit. Excellent cheap seats from 10 am day of perf. all 3 theatres. Car park. Restaurant 928 2033. Credit card bookings 928 3052. Air conditioning.

OLD VIC. 01-928 7616. OLD VIC COMPANY Derek Jacobi as HAMLET tonight 7.30 (last 10 perfs.). ROMEO & JULIET opens Aug. 14. The GOVERNMENT INSPECTOR opens Aug. 29. PADLOCK/MISS IN HER TEENS opens Sept. 25. WHAT THE BUTLER SAW opens Oct. 17. The 88 World Premiere Nov. 7.

OPEN AIR REGENT'S PK. CC. 486 2431 A MIDSUMMER NIGHT'S DREAM Tonight, Thurs. and Fri. 7.45. Mat. [illegible]

[illegible]

SAVOY THEATRE. 01-836 8888. Credit cards 01-734 4772. BILL PATERSON . . . One of those rare young lions of British Theatre." F.T. WHOSE LIFE IS IT ANYWAY? PLAY OF THE YEAR West End Theatre Awards. By Brian Clarke. "Momentous play, I urge you to see it." Guardian. Evgs. 8. Sat. 5.45 and 8.45. Red. price Matinee Wed. 3.00. 2nd GREAT YEAR.

ST. GEORGE'S. THE ONLY ELIZABETHAN TH. Tufnell Park Rd., N.7. 607 1128. Mats. Tues. and Sat. 4.00. Evgs. 7.30. Ton't (Returns Rqd. Aug. 3) JULIUS CAESAR. Tomor. to Wed. next AS YOU LIKE IT.

ST. MARTIN'S. Credit Cards 836 1443. Evgs. 8. Mat. Thurs. 2.45. Sat. 5 and 8. AGATHA CHRISTIE'S THE MOUSETRAP WORLD'S LONGEST-EVER RUN 27th YEAR

STRAND. 01-836 2660. Evenings 8.00. Mat. Thurs. 3.00. Sats. 5.30 and 8.30. NO SEX PLEASE— WE'RE BRITISH LONGEST-RUNNING COMEDY IN THE WORLD.

TALK OF THE TOWN. CC. 01-734 5051. AIR-CONDITIONING. CREDIT CARDS. CELEBRATING 21 YEARS. From 8.00 Dining and Dancing 9.30 SUPER REVUE BUBBLY At 11 BUDDY GRECO

VAUDEVILLE. CC. 01-836 9988. Evs. 8. Mat. Wed. 2.45. Sats. 5 and 8.00. EDWARD FOX in THE FAMILY REUNION by T. S. ELIOT "Sheer magic." Financial Times. "This is Eliot's greatest play." D. Tel. This Theatre is fully air-conditioned.

VICTORIA PALACE. CC. 01-828 4735-6. 01-834 1317. Evs. 7.30. Mats. Wed. and Sat. 2.45. STRATFORD JOHNS in ANNIE BLOCKBUSTER SMASH HIT MUSICAL. Daily Mail. Best Musical of the Year 1978. Ev. Std.

WAREHOUSE. Donmar Theatre, Covent Garden. Box Office 836 6808. Royal Shakespeare Co. Ton't, Tomor. 7.30 David Rudkin's HIPPOLYTUS (sold out until 15 Aug.). "A gift from the gods." D. Tel. All seats £2.70. Students £1.10 in adv. Adv. bkgs. Aldwych.

WESTMINSTER. CC. S. 01-834 0283. Evgs. 7.45. Mats. Wed. and Sat. 3.00. GILBERT AND SULLIVAN'S THE MIKADO "The best Mikado I've seen." What's On. "A surprise and a delight." The Stage. Tickets £3.25, £4.25, £5.25.

WHITEHALL. CC. 01-930 6692-7765. Monday to Thursday 8.00. Fri. and Sat. 6.10 and 8.30. IPI TOMBI "It is a foot-stamping, pulsating action-packed African musical." News of World. FOURTH GREAT YEAR.

WINDMILL. CC. 01-437 6312. Twice nightly at 8.00 and 10.00. Sun. 6.00 and 8.00. Paul Raymond presents RIP OFF. The erotic experience of the modern era. Fourth great year. Now showing new second edition. New girls, new acts, new production.

WYNDHAM'S. From 8.30 am incl. Suns. 01-836 3028. Credit Card bkgs. 836 1071. Mon.-Thurs. 8.00. Fri. and Sat. 5.15, 8.30. "ENORMOUSLY RICH." Mary O'Malley's smash-hit comedy ONCE A CATHOLIC "Very funny." Evening News. "Sure-fire comedy of sex and religion." Daily Tel. "MAKES YOU SHAKE WITH LAUGHTER." Guardian.

YOUNG VIC. 01-928 6363. Evs. 7.30. A Rock Musical FAUST. All seats £2. Last Week.

YOUNG VIC. 928 6363. Aug. 8-28. An original musical NIGHT CHILD.

CINEMAS

ABC 1 & 2. Shaftesbury Ave. 836 8861. Sep. perfs. ALL SEATS BOOKABLE. 1: THE DEERHUNTER (X). Wk. & Sun. 2.15, 7.30. 70mm Dolby stereo. 2: LOVE AT FIRST BITE (AA). Wk. and Sun. 2.00, 5.00, 8.15.

CLASSIC 1, 2, 3. Haymarket (Piccadilly Circus Tube). 01-839 1527. 1: RINGS (A). In Dolby stereo. Prgs. 12.30 RINGS (A). In Dolby stereo. Prgs. 12.30, 3.05, 5.40, 8.20. 2: Lee Marvin, Robert Shaw. AVALANCHE EXPRESS (A). Progs. 2.00, 4.10, 6.25, 8.35. 3: George Hamilton, Susan St. James. LOVE AT FIRST BITE (AA). 1.35, 3.40, [illegible]

[illegible]

ART GALLERIES

[illegible]

THE ARTS

Television

Out of a summer sky

by CHRIS DUNKLEY

Having roundly berated the broadcasters not once but twice recently for the trashiness of their summer season and the absence of fresh material—and indeed anything really worthwhile—it is only fair now to acknowledge that the hiatus appears to be over.

True, the quality of some of the new programmes which have started reaching the screen all of a sudden leaves a lot to be desired; they would not qualify for the competitive standards of the autumn schedules. However, the sheer quantity is quite impressive, especially from ITV which over the last fortnight in addition to a collection of new midweek series has produced something like a brand new weekend schedule.

The most significant contribution to it so far has been *Gossip From The Forest*, the first in a series of Granada plays under the umbrella title "Screenplay." It was a long, rather slow, minutely observed drama about the men who signed the armistice in a railway carriage parked in a siding in the forest of Compiègne in 1918.

The director was Brian Gibson, a man whose credits read like a register of award winners: *Joey*, *Hospital 1922*, *Where Adam Stood*, *Billion Dollar Bubble*, *Dinner At The Sporting Club*, and *Blue Remembered Hills* have all been outstanding productions. *Gossip From The Forest* was not one of his best, but since a middling Gibson film is vastly superior to anything else in a normal month's programmes, it was well worth watching. Moreover I suspect that television viewers will lose Gibson to the cinema sooner rather than later, just as they have lost most of the efforts of Ken Russell, Jack Gold, and Peter Watkins. So all Gibson's television material is worth savouring.

Like so much of his work, *Gossip From The Forest* evoked a strong and moving atmosphere, particularly in the opening half hour, as the delegates moved slowly through mud and endless rain to their rendezvous. Gibson's rain is so wet and his forests so woody that one begins to wonder whether there is a naiad or a dryad somewhere in the family.

One of his greatest achievements in this film was to convey, without any overt reference to the subject, the way in which lack of magnanimity in victory on the part of the French and British contributed to the move towards a second world war. Hugh Burden was a memorably intransigent Foch.

The same company's *Maryport* ought to have been another work to relish since its makers also have impressive records: producer Denis Mitchell is renowned for *Morning In The Streets* and other documentaries, and Ray Gosling, his partner in a sub Socratic dialogue, has made some of the most telling contributions to the modern journalism-of-the-cities.

Sure enough there was a sharp poignancy about their study of a moribund coastal town on the Solway Firth. But it was spoiled by Gosling's periodic naivety, as when he said Maryport had a "human quality" (which town hasn't?) and that it is a one-class town (the fisherman and the Lord of the Manor's agent proved otherwise in their interviews) and that "the quickest way to get a thick ear in Maryport is to call the place a dump" (unlike which other town?)

As an investigation it lacked rigorousness, and as a portrait it lacked breadth. It certainly had atmosphere but who, given Mitchell's camera and Mitchell's budget, could fail to get atmosphere out of a decaying historic seaside town?

Granada's third offering, *This England*, was a fascinating little programme about deaths in the long running soap opera *Coronation Street* and public reactions to them. It would have been even better if it had allotted slightly less time to one character (Ernie Bishop) and slightly more to the others, such as Martha Longhurst who was written out 15 years ago.

London Weekend Television has contributed two new comedy series to ITV's sudden summer spasm: *Cannon And Ball* and *Doctors And Nurses*. The first is a conventional half-hour slot for a pair of stand-up comedians who are quite a lot more entertaining than some we've seen on television. In particular Bobby Ball (Is that your real name? No it's really Flora Margarine but I don't like to spread it around) who is the little one (on the day that two comedians of the same size team up the world will end) has one of those smiles which make you *laugh for no reason at all*.

However, the absence of Morecambe and Wise becomes more, not less, noticeable as time passes, and with the Two Ronnies also off the screen the sense of watching the third eleven have a go is very powerful.

Doctors And Nurses takes the dramatically simple idea exploited in "Bugsy Malone" and transfers it to a hospital: the staff are all played by children. In this instance there are some adults, though if Episode 1 is a fair guide they will act mainly as the butts of jokes. Since it delights children to see the tables turned and adults being patronised this detail makes the series ideal for its Sunday teatime slot. Furthermore, 15 minutes is exactly the right length.

We do not have the space here to go into all the baroque intricacies of the joke in which the surgeon in the operating theatre calls for

"Spencer Wills clip!"
"Mop!"
"Two-pound hammer!"

but that and the piggy bank pieces in formaldehyde were cherishable gags.

ATV's series *Jack On The Box* has a TV Times entry which is just a teeny bit precious: "The comic novelist eccentrically pursues his lost love Maggie through a series of six films." All too often Jack Trevor Story looks—as he ascends with seemingly unwitting allegory in a hot air balloon, or rolls out of bed for the camera—as though he is trying just a little too hard to live up to the billing.

On the surface it is a meandering, undisciplined, discursive, episodic, indulgent, plaintive, pathetic, self-pitying series but underneath all that it is profoundly self-satisfied. Watching it is a small habit-forming indulgence akin to picking the teeth.

Another new ATV series has a title which, for reasons best known to the producers, has been chopped down from writer Leslie Thomas's funny and explanatory *Tropic Of Ruislip* to the unfunny and confusing *Tropic*. Sex and social climbing in the dormitory suburbs is a rich area for comedy, but if this series cannot do better than to have the vicar complain "What with the pill and women's deep seated urge for a second car there's very few Christenings these days" then it will not expect to rank among the all-time great television comedies.

One thing very much in the series' favour, however, is that ATV has given it no laughter track. In this it is following a recent trend (which will please correspondents who write me more letters of complaint on this subject than any other except pronunciation) which now extends to *Thundercloud* as well as *Tropic*.

The most enjoyable BBC programme of the week was *The Great Tiger Moth Air Race*. Being a very straightforward completely unpretentious record of the gathering together and "racing" of 55 old Tiger Moth biplanes from Hatfield to Strathallan, it must have presented producer Bernard Clark and director Laurie Choat with an extraordinary logistical problem. Yet somehow they seemed to have a camera crew on the ground to greet the astonishing little aircraft as they came in to land at every intermediate stop along the course.

There was some glorious footage of English countryside with the bright and boxy aeroplanes—like something that had chuntered in from an animated cartoon—in the foreground. But the real attraction of the production came from the enjoyment and the camaraderie of those involved.

In this respect is brought to mind two other oddly enjoyable programmes, both musical: *The Great Double Bass Race* about an astonishing rally in the Isle of Man, and *Nymphs And Shepherds* in which the original members of the children's choir who had made the famous record were re-assembled as adults.

The common denominator is a fond and shared obsession and nothing makes for better television.

Hugh Burden in "Gossip from the Forest"

Festival Hall

Gala Ballet Season

by CLEMENT CRISP

The week of pirouettes and fouettés which started on Monday at the Festival Hall might well pass itself off as "All you ever wanted to know about classical ballet and didn't like to ask your doctor." It is an omnium-gatherum of choreographic clichés, redeemed by a couple of exceptional performances, and trading heavily upon the assumption that if they spin hard enough they must be worth watching. There are dwarfish approximations of *Swan Lake's* second act and the final scene of *Sleeping Beauty* framing a grab-bag of solos and duets, in which are to be found Martine van Hamel, Galina Samsova and Peter Schaufuss as jewels amid the paste.

Miss van Hamel, whom we saw with American Ballet Theatre a couple of years ago, is a joy. She is the Odette of the evening, discreetly partnered by Kevin McKenzie, and her serene, creamy style argues an interpreter deserving of far better things than the surroundings in which she finds herself. Her beautiful line, her musicality, the respect she shows the choreography, are a pleasure to watch, and two other items in which she appears confirm her as an artist of exceptional quality. In Lynn Seymour's jokey *Tattooed Lady* she offers us a sleazy corner of the Weimar Republic (Weill tunes from the *Dreigroschenoper*; lubricious antics in a bar); but best of all she performs Lar Lubovich's *Skryabin Dances*.

These look like a tribute to Isadora, and Miss van Hamel pours into them glories of long-pulsed, ecstatic dancing of the greatest beauty. The first of *these three Skryabin piano* studies seems done in a single magnificent phrase; the other two are no less compelling as she rushes, or pauses, filling each with dancing rich in tone, subtle in rubato. She is an artist to treasure.

Galina Samsova is seen as the Aurora of the evening, and also returns in her special version of *Le Corsaire*. In both, the sensitivity of her dance style, its sweetness and generosity, the lovely simplicity of her arms, take one far from this trumpery occasion to a region of noble eloquence of expression. In *Beauty* Kevin McKenzie displayed a clean, unaffected style; in *Corsaire* Peter Schaufuss, not well matched with Samsova, could still show a brightness of virtuosity that told of true classic understanding.

For the rest, Maina Gielgud and Jonathan Kelly were powerful, idiomatic advocates for the curried tosh of Béjart's *Bhakti* duet — its exoticism suiting them far better than the brutalised rouguishnes of *Soirée Musicale* — and Yoko Morishita and Tetsutaro Shimizu did what they did as *Beauty's* Bluebird couple and in *Don Quixote's* duet.

Leonard Burt

Martine van Hamel in "Tattooed Lady"

Stratford auditorium plan shelved

A £600,000 plan to give the Royal Shakespeare company a third auditorium at Stratford has been shelved—because the company can't raise the cash.

The new auditorium, which was to be converted from the shell of the burnt-out Memorial Theatre, was scheduled to open in November.

The opening production of the new auditorium was to have been *All's Well That Ends Well*, with Judi Dench and Peggy Ashcroft. This has now been postponed.

Albert Hall/Radio 3

Carter, Lutoslawski

Monday night's three-part Prom was divided between three living composers from three different countries, Elliott Carter, Witold Lutoslawski and Michael Tippett. Tippett's *A Child of our Time* dates from the war years; but the works by Carter and Lutoslawski were both recent, composed respectively three and four years ago.

Elliott Carter's *Symphony for three orchestras* has been reviewed already on this page, after its premiere in New York in 1977, and after its first British performance last March. Both my colleagues have remarked on the richness and (for Carter especially) the sensuous and dramatic quality of the score—and on its complexity. Even after three hearings, this short but exceptionally dense canvas, a tracery of scurrying melodies and shimmering colours, does not offer up its inner life easily. Crumb's *Star Child*, heard at last Friday's Prom, puffed up perhaps five or ten minutes' worth of ideas into the space of 40 minutes; in his *Symphony*, Carter seems to have compressed the seeds of an hour of music into one quarter that time.

Compressed: but for all that, given free rein to a poetical vision whose textures and dramatic curves are not difficult to perceive—the very speed at which the detail of the argument flashes past forces the attention to the broad surface and line. The scene-changes taken individually, like frames of a film, are breathlessly fast; but seen through half-closed eyes they blend, give an impression of space and distance. Sometimes they hover, almost out of sight, at bird's view; at other times they rush close across the face of the music like driven clouds.

The final pages are perhaps still the most satisfying: from its highest point the piece takes breath, falls in a series of powerful plunges, the last a dizzying dive into darkness, and silence. The BBC Symphony Orchestra's performance under David Atherton has gained much in strength and confidence in four months—and by happy chance they have even found in their own ranks a young trumpeter who can give with perfect confidence the opening solo which last March the principal trumpet found too difficult to play.

Lutoslawski's *Les espaces du sommeil* is a setting for baritone and orchestra of a poem by Robert Desnos. It is a nocturne which makes its effect (in vivid contrast to the Carter) with simple, economical brush-strokes of colour—a patter of pizzicato strings; a curl of flutes; and always a profusion of characteristic swirling shapes, of flute and clarinet, celesta and harp, underpinned by dark string chords. There is a busy and vivid climax, from whose last thunder-clap the solo voice (rather predictably) emerges floating still and plaintive. A pretty, civilised piece that offers the reassurance of recognisable character, secure technique, and few surprises. One only perhaps: the quiet close to the music, like that of the poem, is briefly, and unexpectedly, disturbed.

DOMINIC GILL

Theater des Westens, Berlin

Wie einst im Mai

Following the box office success of *Cabaret* (an average thousand visitors a performance), Karl Vibach brought back the tradition of Berlin Operetta to the newly renovated and reopened Theater des Westens. The public throughout Germany has waited so long for a revival of Walter and Willi Kollo's *Wie einst im Mai* (Once in May) that the production will probably run the entire summer to accommodate the season's tourists. It could even turn out to be one of West Berlin's biggest commercial hits.

It is not well enough known that, back at the turn of the century, Berlin stood just behind Paris and Vienna in the field of operetta. The magnificence of Jacques Offenbach and Johann Strauss was never equalled, but three composers—Paul Lincke (*Frau Luna*), Jean Gilbert (*Die keusche Susanne*), Walter Kollo (*Wie einst im Mai*)—did match their contemporaries as a trio of diverse and complementary talent. Hopefully, the Theater des Westens will produce all their important musical compositions in the not too distant future.

Once in May first appeared as a *Posse mit Gesang* in 1913, a farce with some songs added by Walter Kollo. The original sketch by Schanzer and Bernauer for the Berliner Theater dealt with the history of the city itself in the fate of two families in the age of the locomotive—the public loved it! Years later, 1924, Walter and Willi Kollo, now a father-son team, collaborated for the first time on an operetta, *Marietta*, for the Metropol Theater, and this in turn laid the groundwork for a new, operetta version of *Wie einst im Mai* in 1943, shortly after the father's death. Following the war, in 1966 and 1978, a few Staatstheater in Braunschweig and Lübeck attempted to stage the show with limited personnel and as much success—musicals and operettas require a special kind of care-and-breeding to be at all successful.

There are several reasons why Berliners are flocking to the Theater des Westens. One is a tribute to the old city in its heyday: there's the Potsdamer Bahnhof in 1838, when the first locomotive rolled down the tracks; the plush manor-house of the Baron von Henkeshofen, whose lovely daughter falls in love with a lowly railroad engineer (later to emigrate to America and mass riches while the Baron's fortune heads for ruin); the splendid ballroom of the "Kroll-Opera," where the daughter is to be matched with a blue-blooded wastrel; and a garden-swing in May, supplying the motif for a nostalgic love story that spans three generations.

Another is an ensemble of musicians and performers gradually learning the ropes in blending acting, dancing, and singing in a unified whole. Vibach is still leaning too heavily on names and gimmicks to draw a crowd, but Angela Müthel and Wolfgang Ziffer (as Ottilie von Henkeshofen and Fritz Jüterbog, the ill-fated pair) are natural and unassuming in letting the story tell itself without the usual up-staging common to musicals in subsidised theatres. They simply make the show work.

The high point of the evening is a song: Walter Kollo's "Das war in Schöneberg im Monat Mai" — a Berlin chanson every old-timer here can sing by heart since first heard in 1913. One year before, in 1912, Kollo composed the popular "Unter'n Linden, unter'n Linden" and the operetta it appeared in, *Filmzauber*, ran non-stop for over 200 performances. He became the city's troubadour.

RONALD HOLLOWAY

Open Air Theatre, Regents Park.

Overruled

I rather wish that Christopher Biggins, who directs this arch trifle of Bernard Shaw, would issue his actors with loud hailers. There really seems little point in going as far as he does to contradict the natural setting—gulls and crashing waves on sound effects to establish that we are on the terrace of a seaside hotel in this lunchtime production—without going even further. When you hear so feckless a line as "It's so jolly to be reckless" pumped out by Philippa Gail, the laughter derives from relief at hearing a full sentence, not necessarily from recognition of a witty quip.

That said, Mr. Biggins does very well under the ridiculous circumstances. *The frivol* involves two married couples who have exchanged partners in the time-honoured custom of shipboard romance. Desmond MacCarthy complained that the 1927 Everyman production took little account of the comedy's artificiality. He would not complain on those grounds in Regent's Park; the square dance is briskly entered upon and the performances, especially that of Robert East as the worldly, flirtatious moralist, Gregory Lunn, are admirable.

Geoffrey Colvile is unusual casting for the role of a romantic Englishman for whom passion is nothing without guilt. And, as his temporary lover, Jo Ross contributes a grotesque *hauteur* that will be all the more effective when she learns not to tread on her own dress. There can be only one upshot of such civilised buffoonery, a shared table at dinner. En route, there is a goodly profusion of sharp *mots* on the subject of married life, and Mr. Biggins is not slow to point up GBS's pertinent remarks on the hypocrisy of those who invoke moral principle as an excuse for actual conduct.

MICHAEL COVENEY

The Lunatic, the Lover and the Poet

Owing to the public demand for this entertainment after its successful tour of Australia earlier this year, the Old Vic company is presenting a special Sunday performance of *The Lunatic, the Lover and the Poet* by Jane McCulloch with Derek Jacobi and Julian Glover on August 5. After this performance, directed by Tony Robertson, the two stars leave Britain for an international tour of *Hamlet*.

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Sterling and the CBI

THE VERY SHARP correction in sterling in the currency markets yesterday actually provoked a small rally in the equity market. Investors are now well aware that sterling's long, steep rise has taken it too high for the comfort of any industry exposed to foreign competition, and any relief from the seemingly remorseless squeeze on profit margins is therefore welcomed. The latest survey of industrial opinion from the Confederation of British Industry shows that industrial managers have also become sharply aware of the challenge of a strong exchange rate, and reflects considerable gloom about the short-term outlook.

The risks

It is notable, however, that the CBI in its economic assessment does not call for any change in Government policy to relieve present pressures; and indeed substantial relief still seems unlikely. The present correction is welcome not because it promises an easy environment for industry, which it does not, but because it may reflect the end of a phase of unhealthy speculation against the dollar. Such movements tend to gather an excessive momentum as investors' expectations become self-justifying. The correction yesterday in fact only cancelled about the last two weeks of a sterling-dollar movement which has been going on for some months, but it is a large movement in one day, and may be enough to remind market participants of the risks of following a trend too far. The market may now be more rational.

Awkward corner

This is very important for sterling in particular, because the pound is peculiarly exposed to changes in sentiment about the dollar. Because of our inflationary problems, the UK monetary authorities are much more reluctant to intervene in the exchange markets than those in other strong-currency countries. This makes the value of sterling far more responsive to any flight from the dollar than the value of other currencies. If a new chairman of the Federal Reserve Board, highly respected among international bankers, and an improvement in the U.S. balance of payments as the long-forecast recession at last sets in have combined to stabilise the dollar, then the British authorities may be relieved of a potential dilemma.

The nature of that dilemma is made clear by the CBI survey. The UK economy is at present rounding an awkward corner. The Government has embarked boldly on tax cuts, but is still struggling to get expenditure under control. At the same time real incomes and the demand for consumer credit reflect the strong recovery from last winter's disruption, and the gap in time between excessive wage settlements and the resulting price increases. The result is an excessive demand for credit, high interest rates, and a very weak current account of the balance of payments. At a time when the dollar has been weak, this has had the paradoxical result of accelerating the rise in sterling and redoubling the pressure on profit margins already imposed by high wages.

Fundamentals

These pressures will be much more easily sustained if the flight from the dollar now abates, and if credit demand in the UK—especially consumer credit demand—falls, as is expected, to a more normal level within the next few weeks. If these conditions are not fulfilled, and crowding out and dollar panic persist, the Government's fiscal policies may need to be re-examined. As we have argued since the Budget, a public sector financing GAP of over £9bn does pose risks if private credit demand is strong.

However, a small change of course will not alter the fundamentals: a determined policy of monetary restraint, in an economy which is now self-sufficient in oil, is bound to produce a strong exchange rate. That is why the CBI, which supports the Government's monetary and economic objectives, is right to argue that industry itself must find the answer to the challenge of a strong rate, by checking the rise in unit costs. That is why the winter wage round will be the crucial test; it will establish whether the monetary brakes on inflation can operate without widespread and destructive friction. In these circumstances the grim realism of the CBI survey is more promising than any easy optimism. The greater the realism on both sides next winter, the less painful will be the withdrawal symptoms from a decade of inflation.

The leadership of India

INDIA IS an immense and diverse country which, somewhat like the United States, looks to its head of government for strong leadership. The sharp communal divisions between Moslems and Hindus are matched by possibly even sharper conflicts between the multitude of Hindu castes and those 100m Harijans (Untouchables) who have no place in the caste system. The Hindi-speaking belt of the north holds in disdain the Dravidian peoples of the south. Bengalis, Marathis, Tamils and Gujeratis cling tenaciously to their regional languages and culture.

Image

Jawarhlal Nehru was able to establish a sense of national identity beyond the particular claims of caste or religion by pressing the common cause of independence against the British. His daughter, Mrs. Gandhi, was "Mataji" or Mother to many Indians during her Premiership. She created a reputation across India as champion of the interests of the poor and the minority communities. But as industrial unrest and political violence spread in 1974, she fell victim to the tempting belief that authoritarian rule would provide a quick, clear-cut solution to the complex economic and social problems that faced her. The Emergency merely pushed them under the carpet.

As Prime Minister, Mr. Morarji Desai, never managed to project an all-India image. He was a man of strong and often idiosyncratic beliefs, attentive to his own voice but a poor listener when it came to taking account of the views of others. After the surge of enthusiasm that carried his Janata party to power, he was unwilling to continue with that moulding of public opinion towards national ends that is needed in India. His Premiership collapsed in communal and caste strife, in industrial unrest and an unprecedented mutiny by the police.

Indians have good cause to be disgusted by the political squabbling now taking place in Delhi over the Premiership. By the standards of any democracy the horse trading going on as Mr. Charan Singh, the new Premier, tries to enlist the support of Mrs. Ghandhi, his former opponent whom he has attempted to put on trial on criminal charges is an abuse of democratic procedures. The comforting feature should be that the economy of India is basically in sounder shape than most Indians seem to think.

A favourable economic situation does not make up, however, for the absence of strong national leadership in a country now more conscious of its divisions than its success. There are a number of constants around which the more enduring post war administrations have stood their ground. These include a determinedly secular stance, an economic policy pitched left of centre to accommodate popular bitterness at disparities of wealth, and a federal structure that is sensitive to regional differences. After the failure of the Emergency, they also include a commitment to democratic institutions.

These constants of Indian politics increasingly point to Mr. Jagjivan Ram, now the leader of the opposition, as the man who will eventually take over the Premiership. He has held most of the senior posts of government in former Congress administrations and is acceptable to former Congress leaders who now hold the balance of power.

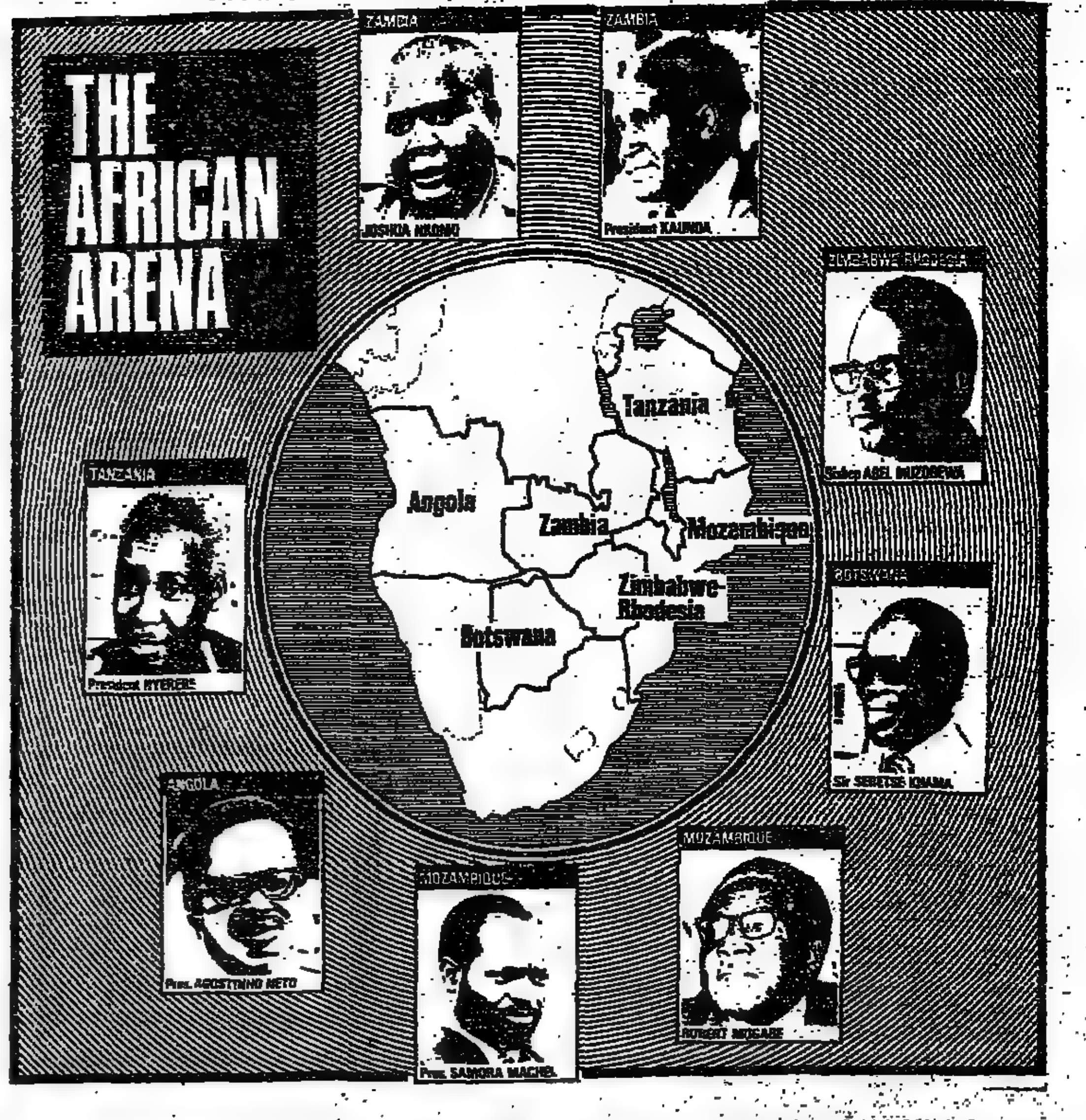
Successor

Though the representative of the Harijan community, he is not so partisan in support of his immediate followers as Mr. Charan Singh has been of the prosperous northern farming community from which he gets his strongest backing. Mr. Charan Singh seems unlikely to survive the vote of confidence in Parliament due next month.

Mr. Ram is an able administrator. He would probably have been Prime Minister in place of Mr. Desai in 1977 but for an unlucky turn of the wheel. He has been too long a manipulator in the Indian political game to be the most inspiring of successors. But many in Delhi expect him to emerge on top—and he is probably the most likely man around whom a national consensus can develop to carry India through its present crisis.

The Commonwealth conference risks becoming a dialogue of the deaf over Rhodesia. But there is some small room for hope . . . .

Glimmers amid Lusaka's gloom



THE Commonwealth conference that opens here today will be dominated by Rhodesia, and the air of resigned gloom hanging over the majority of the delegations during their arrival here suggests there is little cause for optimism about the outcome.

The Rhodesian problem has been around for so long, and its history has been so depressingly consistent. It is 18 years since the search for a long-term solution began with the 1961 constitutional conference. It is 14 years since Ian Smith's unilateral declaration of independence. During that period, there have been literally dozens of fresh initiatives, new constitutional proposals, and "last chance" solutions for Rhodesia. Every one has run aground on a rock labelled "too little and too late."

In the last seven years, the guerrilla war inside Rhodesia has built up from a few minor skirmishes to a situation where somebody is being killed every hour of the day. Already, it is estimated to have claimed 12,000 lives. Both in Whitehall and in the African capitals, there is a growing feeling that the war has acquired a momentum of its own and that a fight to the finish on the battlefield may be the only way that the last chapter of the Rhodesian story can be written.

Mrs. Thatcher and Lord Carrington, the Foreign Secretary, have arived here with a clearly-stated policy framework within which to launch yet another initiative. They believe that Mr. Smith's internal settlement and the elections which followed it last April, bringing Bishop Muzorewa to power, have created a new situation which must be built on, and they would like the Commonwealth to agree with this perspective.

Yet they have also come prepared to agree with Commonwealth criticism that the internal settlement constitution, which gives whites power out of all proportion to their numbers, must be changed. They will offer to press for a new constitution which would be broadly comparable with those inherited by other former African colonies at independence.

They are coming here hoping for a constructive dialogue, ready both to listen and to learn, and ready to talk to anyone who in their view can help to resolve the issue. It is not ruled out that this process of consultation will include a meeting outside the framework of the conference with either or both of the Patriotic Front leaders, Mr. Joshua Nkomo and Mr. Robert Mugabe.

But the atmosphere into which Mrs. Thatcher flew on Monday night is hardly conducive to constructive dialogue, there is deep hostility to her personally.

On the morning before our Prime Minister arrived, President Kaunda of Zambia delivered himself of a highly personalised and public attack. But he was saying nothing more in public than African leaders have been saying in private. Then yesterday, the Lagos Government announced that it was nationalising British Petroleum's interests in Nigeria. The move appears to have been timed quite deliberately to coincide with the opening of the Commonwealth Conference.

The root cause of this hostility can be traced to the simple fact that Mrs. Thatcher has always taken a far more favourable view of the Rhodesian internal settlement and of the April elections than did her predecessor, Mr. Callaghan.

But the Prime Minister has compounded her problems by a series of public utterances which have created great antipathy in Africa. The most important of these was her recent statement in Australia that she very much doubted whether the British Parliament would renew Rhodesian sanctions in November.

African leaders were furious. The remark appeared to them to confirm suspicions that Mrs. Thatcher had already made up her mind to lift sanctions and that she was merely delaying doing so until the Commonwealth Conference was out of the way.

On an even more basic level than this, other remarks by the Prime Minister have led African leaders to the belief that Mrs. Thatcher, more than any other British Prime Minister over the past two decades, is unsympathetic to their problems, to their aspirations and to their fears. "She doesn't understand us, and we have to teach her what life in Southern Africa is all about." That, expressed with varying degrees of rhetorical flourish, is the mood which has greeted her.

It will be a dangerous atmosphere, for Mrs. Thatcher has as strong a didactic streak in her as the Africans. The result could be a mutual attempt to educate the other in the realities of life which might merely end in mutual incomprehension and raised tempers.

If this does happen, it will be, above all, because Mrs. Thatcher—mirroring a large body of British opinion—sees a totally different reality in Rhodesia than do the African states.

Take one key example of this wide cultural and intellectual divide: the April elections. Mrs. Thatcher, and a substantial body of Tory opinion in Britain, saw the April elections in Rhodesia as a major breakthrough.

Bishop Muzorewa, a moderate leader who has never resorted to arms, won enthusiastic backing from a majority of blacks. The 64 per cent turn-out was higher than people had reason to expect. Journalists and official observers reported widespread enthusiasm for the electoral process and for the Bishop.

The Patriotic Front leaders, who were backed by Communist powers, had been invited to lay down their arms and participate, but had refused to do so. To a lot of people in Britain, Bishop Muzorewa acquired through that election a legitimacy that Ian Smith never had. Two former Foreign Secretaries, Lords Home and George-Brown,

By DAVID PALMER
and MARTIN DICKSON
in Lusaka

went on record as saying that the six principles which have formed the basis of British policy since UDI had now been met. Mrs. Thatcher has made a number of acid comments comparing the fairness of the electoral process in Rhodesia with the lack of democracy, as she defines it, elsewhere in Africa.

Seen from Africa, and the perspective of men who have been fighting for 20 years for the liberation of Rhodesia, the elections were a carefully stage-managed fraud. The constitution under which they were held was designed to retain white hands on the levers of power. Above all, both the elections and the constituiton left a prominent role in politics for Ian Smith, now Zimbabwe-Rhodesia's Minister without Portfolio, and a man whom African leaders feel from bitter experience they can never trust.

In the African view, it was out of the question for the Patriotic Front to accept the Rhodesian invitation to lay down arms and take part in the elections. As they see it, it is the "freedom fighters" who forced Mr. Smith to make concessions. The war must go on until he agrees to a genuine majority rule settlement which meets their definition of "free and fair." "Freedom" means to African leaders liberation from white colonial rule. Rhodesia's constitution, drawn up by a régime in which Ian Smith was a dominant force, does not measure up to these standards.

But the danger that the dialogue between Mrs. Thatcher and the African states will turn into a dialogue of the deaf only adds a new and complicating dimension to an already intractable problem.

The only real solution to the Rhodesian problem is one which will also bring an end to the war. That would require the acceptance of all or most of the five front-line states, one or both of the Patriotic Front leaders, almost certainly of the Nigerians and of the régime in Salisbury. Within that long list, there are enough personal rivalries, long histories of distrust and mutual suspicions to abort the best-laid plans.

Last autumn, for instance, a meeting of the five front-line leaders broke up in acrimony. The Nigerians and the Zambians had engineered a secret meeting in August between Mr. Nkomo and Mr. Smith. Mr. Nkome's fellow leader of the Patriotic Front, Robert Mugabe, voiced bitter suspicions both about Mr. Nkomo's ambitions and President Kaunda's role. The Nigerian initiatives strained the friendship between President Kaunda and President Nyerere—and the Tanzanian leader in turn has little time for Mr. Nkomo. Relations between Tanzania and Nigeria, which had played a key role in the meeting, were for a time soured.

The picture presented so far in this article is a gloomy one.

In the run-up to the Lusaka meeting, Mr. Malcolm Fraser, the Australian Prime Minister, has taken on himself the mantle of honest broker, trying to work out a compromise formula which can be accepted at Lusaka.

However, his talks in Lagos at the weekend with General Obasanjo, the Nigerian leader, appear to have produced no softening in the Lagos Government's hardline stance. Only hours after Mr. Fraser's departure, the Nigerians moved against BP.

There are, however, some other straws in the wind. It is just possible that the multi-racial Commonwealth of nations will cut through the rhetoric, will break down the distrust and mutual misunderstanding that have haunted Rhodesia for so long and will emerge with an agreed compromise approach to a fresh initiative. Here are some of those straws which people are grasping—more in hope than expectation.

● The survival of the Commonwealth: The Queen's tour of African Commonwealth states, ending with a rapturous reception in Lusaka, has once again illustrated the links tying Britain's Head of State (as opposed to Britain's Government) to the Commonwealth and the Commonwealth states to each other. There is a tangible desire to hold the institution together, and a recognition by all members that Rhodesia could tear it apart, or even lead to Britain's expulsion.

● The position of Bishop Muzorewa: there are signs that the positions of London and the African states are moving from opposite poles to some kind of common ground. In the rhetoric of the front line states, the Bishop is the stooge of Ian Smith, a man who has sold out to the enemy and he is held in contempt for having done so.

In London and Washington, existing doubts about Muzorewa's political capabilities have increased since his visit to the U.S. and Britain last month. In June he was being talked of as the instrument by which the UK Government could bring about changes inside Rhodesia, most notably by persuading his Cabinet and country that the present constitution was unacceptable to world opinion.

But during his visit to London he told some people that he had not the power to deliver what was being asked of him. He left the impression that Ian Smith is still wielding far more power behind the scenes in Salisbury than had earlier been thought, particularly in the conduct of the war.

Disillusion with the Bishop may be a rather negative area of common ground from which to launch an initiative, but at least it is common.

● The economies of the front line states: these states are paying a high price for what they see as their stand on principle. The economies of Zambia, Mozambique and Botswana, the countries from which the guerrillas operate, are being devastated by the conflict with Rhodesia. Tanzania, too, has problems of its own to solve following its military intervention in Uganda which has proved a severe drain on the economy and is dominating much of President Nyerere's time.

The leaders of all these states need a settlement — but that does not mean that after making sacrifice upon sacrifice over the years in their fight against Salisbury they are about to capitulate now.

Among the front line states, no one needs a settlement more than President Kaunda of Zambia, chairman of the Commonwealth conference and host to the meeting.

His capital city lies less than 100 miles from the Rhodesian border; an estimated 12,000 of Joshua Nkomo's guerrillas are living in and off his country; the shops are without many basic commodities; the economy is lurching from crisis to crisis and Zambia is dangerously dependent on Rhodesia for its vital railway import and export routes.

If this really is the "last chance" for an internationally negotiated Rhodesian settlement, there could be no more fitting venue for the Commonwealth conference. For the next eight days, representatives of the 39 nations will be viewing the Rhodesian crisis from the front line.

As Mrs. Thatcher will find, it presents a very different view from that of the last Commonwealth conference venue — London.

MEN AND MATTERS

Weeks takes the cake

Sir Hugh Weeks, now aged 75, was the star of yesterday's birthday celebration for 21 years of the CBI's industrial trends survey. He was chairman of the economic policy committee of the Federation of British Industry, as the confederation was then called, in 1958 when the survey was introduced. The CBI had baked a cake to mark the anniversary. Weeks blew out the candles.

He was one of the key influences in converting the FBI to the idea of forward planning for private industry—an idea that emerged somewhat bruised by Maudling's aborted dash for growth. The survey was part of the same experiment, having been started when the Board of Trade asked the FBI for information about industrial performance, and the FBI had none to give.

Yesterday, after he had blown out the 21 candles, Weeks reminisced about how the original surveys only published the present position reported by companies, for fear the forecasts of expected change would become self-fulfilling. He also pointed out that over the years the survey had proved most accurate in its forecasts of investment trends.

All of which is hardly the most encouraging news in the light of the doom and gloom in yesterday's survey. This forecasts the first downturn in investment plans for some time due not to the present position reported by companies, but to their fears for the future.

"The Tories can't make secondary picketing illegal soon enough for me"

Rough reportage

The philosophical attitude of American financiers to straightforward attacks on their professional integrity never ceases to surprise me. Articles that would leave British counterparts shouting hoarsely for their libel lawyers seem to leave them unmoved.

The latest edition of the U.S. magazine Institutional Investor carries a story on the "mid-life crisis" of security analysts. It puts the finger in no uncertain way on Peter Marcus, who fell from the top position in his New York stockbroking firm Paine Webber/Mitchell Hutchins after six consecutive years as No. 1.

On the telephone from New York, Marcus said it had never occurred to him to sue anybody. "Sure, it can't help but hurt me," he said. "But I don't think about it. I've got better things to worry about."

Iona touchdown

There is a mystery about the fate of Iona since Sir Hugh Fraser paid £1.5m to buy the Hebridean island for the nation two months ago.

A sale condition, passed on by the Duke of Argyll from the Islanders themselves, was it should on no account be administered by the National Trust. It seems Iona feared being turned into some enormous museum by the Trust.

Sir Hugh, who bought the island in memory of his father, the late Lord Fraser, has turned it over to the Scottish Office to make arrangements for the island's continued welfare. "We don't know what's happening," Sir Hugh's assistant said yesterday. "It's out of our hands."

The Scottish Office was no wiser. Its Iona man had gone off to the island and left no word in Edinburgh on what, if anything, had been decided.

Some light may be thrown on the issue today. Sir William Lithgow, the former shipyard owner who is Chairman of the Iona Cathedral Trustees Appeal, has borrowed helicopters from BP to take "key members of the world's Press" to look at the island. Our man will naturally be among them.

Two bishops and the Moderator of the General Assembly of the Church of Scotland are also being airlifted in—presumably to pray for guidance.

Word in the ear

There is a resurgence of the Victorian custom of listening to books being read aloud after dinner. But nowadays, the readings ings issue from a tape recorder. This week, a £100,000 advertising campaign has been launched on Thames TV by an EMI offshhot, Listen for Pleasure, to promote its "cassette books."

It is the latest move in a campaign to sell taped literature to a mass market. Although the EMI offerings include Charlotte Bronte, they are in general aimed at a far more popular market than any earlier ventures. "We have sold 25,000 packs of James Herriott reading selections from his books," says Jigga Dunn, an American who is in charge of production.

How are the booksellers reacting? The two-cassette packs, with a running time of up to three hours, are sold in boxes made up to look like actual books. It seems that very few individual bookseelers are yet willing to sell them—and perhaps because books are zero-rated for VAT, whereas cassettes attract VAT, and some booksellers cannot face all the unfamiliar arithmetic.

Big booksellers, such as W. H. Smith, Foyle's and Blackwell's, are only selling the EMI "books" in their record departments.

A typical individual bookseller, Earnest Fielder of Wimbledon, says he is carefully waiting to see how cassette books will develop. "I still think people like to read quietly in bed," he says, "without a lot of noise."

For all that, the trade magazine, The Bookseller, will this month be publishing a chapter extracted from a forthcoming (real) book by pop-scientist Christopher Evens. The title of the extract: "Death of the Printed Word?"

Spitting distance

Glasgow Central Station has rarely been a place for festivity and the mood in the city is even more dour than usual at the moment. But the 100,000 passengers a day who arrive at the station are this week being plied with souvenirs and travel passes by staff tricked out in nineteenth-century costume. It is British Rail's way of celebrating the station's centenary—the only period items missing from the platforms are the large spittoons which Glaswegians once liked to have handy. BR is also hoping to prove that the future will be as agreeable as the distant past. This autumn will see the opening of the £26m. Trans-Clyde line, five miles of track which link the northern and southern sectors of the city. It is a joint venture with the Greater Glasgow Transit Authority.

In for lunch

A reader tells me that he approached a girl assistant in a Basingstoke shop, after waiting for some time to be served. "Could you help me?" he asked. "I'm sorry, dear," she answered. "I'm not back from lunch yet."

Observer

هكذا من الأصل

MR CARTER'S HOPES FOR HARNESSING THE SUN

BY DAVID FISHLOCK

A solar smorgasbrod

PRESIDENT JIMMY CARTER on July 15 made the equivalent of John F. Kennedy's famous declaration of 1962: "We choose to go to the moon in this decade . . . because that goal will serve to organise and measure the best of our energies and skills." The U.S. harnessed 2.5m people in a $25bn project to land a man on the moon 10 years ago.

President Carter plans to harness the sun. He has set a goal for the U.S.—currently obtaining three-quarters of its energy from oil and gas—to be harvesting 20 per cent of its energy from the sun by the end of the century. To put the figure into perspective, even assuming present-day levels of U.S. energy consumption, it represents rather more energy than the U.S. is winning from coal.

But it seems to include the expansion of hydro-electric resources, which already account for about 5 per cent of U.S. electricity. The U.S. has identified more than 600 new sites.

The sun is a natural nuclear fusion reactor, inexhaustible for all practical purposes, from the more deadly rays of which distance and the earth's atmosphere keep us fairly efficiently protected. The scientists are clearly having a frustratingly difficult time trying to simulate the sun's nuclear reactions on earth, in experiments now costing £100m-£200m a throw. What could be more natural than for the nation which 10 years ago conquered the moon now to declare that it will conquer the sun?

The next question is how. President Nixon, upon hearing that Spaceship Eagle had landed, declared that "the heavens have become part of man's world." But his own Project Independence for making the U.S. self-sufficient in energy by 1985, by such means as solar energy, has long since been abandoned. Prodigious spending on research and development in national as well as industrial research centres has produced what a former U.S. energy research chief once called a "smorgasbrod of technology," but almost no new energy other than nuclear. Even new hydro-electric schemes have been blocked—for "environmental" reasons.

The reasons for this failure are many and varied, but can often be traced to the sheer variety of choice. It has caused endless bickering about which projects should be pursued where, with whose money. The Department of Energy, in keeping with U.S. custom, wanted industry to build the big demonstration plants. But companies claiming to be ready and willing to press ahead have found themselves debarred by political unpopularity from receiving public funds for the project.

Even the creation in 1977 of the Solar Energy Research Institute (SERI), in the sun-belt at Golden, Colorado, has not had the desired effect of co-ordinating the solar energy programme. "We're here to foster an industry," the director claims. But a score of Congressmen from places which failed to host the coveted new institute have been trying to make sure it cannot work. There even has been talk of a national network of solar institutes—"little SERIs"—to take charge of the Department of Energy's solar programme, expected to involve contracts worth $200m-$300m by the early 1980s.

Solar technology energy differs in important ways from other technologies for the production of energy. For example, with nuclear energy there is a single market, the electricity supply industry; and a single technology, the nuclear reactor, which these days comes in a small variety of commercial designs. For the conversion of coal to oil or gas, there are a small number of interesting chemical routes which, given another couple of decades of development, design and plant construction, may well succeed in replacing some oil imports.

Solar technology is more akin to new technology for the conservation of energy. In both areas there is a great variety of possibilities, at every level from the humblest domestic function of water heating to very dramatic changes in the way entire industries organise their activities. In both areas there has been a dismal lack of direction in ordering priorities, deciding where cash and effort should go first in order to open a new source of energy. In both areas top energy department executives have tumbled over political hurdles deliberately strewn in their path, or have resigned in frustration.

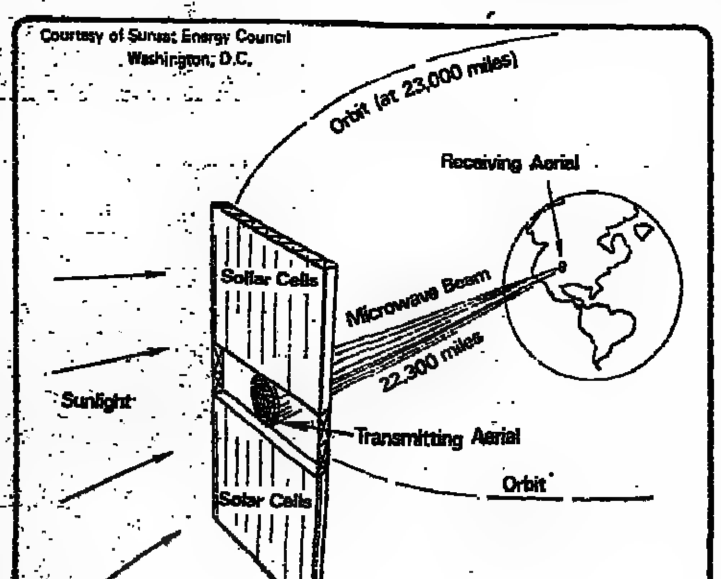
Let us first get a glimpse of the smorgasbrod of technology. Inevitably, there is a gimmick end to the market and it is not confined to those who would rather sport a windmill on the roof than pay electricity bills. A paperweight on my desk on a sunny day generates just enough electricity to tinkle out a few bars of You are my Sunshine. On Fifth Avenue in New York for $16 you can buy a sun hat fitted with a solar cell which drives a small fan—to keep you cool in the sun.

At the other end of the market there is a scheme which has the enthusiastic support of the U.S. aerospace industry, for solar stations in space, harvesting sunshine day and night, and beaming it 23,000 miles back to earth as microwave energy. Its inventor, Dr. Peter Glaser, an engineer with Arthur D. Little in Cambridge, Massachusetts, sees solar stations generating perhaps 5,000 MW of electricity apiece (equivalent to about one-twelfth of total existing generating capacity in Britain) as the long-term answer to any limits to terrestrial resources of nuclear fuel. He claims, on the basis of studies with which such companies as Boeing, Lockheed, McDonnell Douglas and U.S. General Electric are associated, that such power plants could be built for $1,600-$3,000 per kW, compared with $1,400 per kW for nuclear stations, would need no fuel, and "only periodic maintenance."

But Dr. Glaser's grandiose scheme has been bitterly attacked in many quarters, not least by those opposed to centralising supplies of energy generally (and of electricity especially), who see solar energy as the great opportunity for decentralising. They point out that while it may place the main inefficiencies in the system well away from the earth, it will interfere environmentally by introducing microwaves and water vapour into the atmosphere, and will require very large aerials to catch the microwaves.

Even the U.S. National Aeronautics and Space Administration has not been lobbying for that particular technology. A few months ago Dr. Robert Frosch, NASA's administrator, told me that he was "rather sceptical" about several aspects of the scheme. He wanted to know much more about the engineering problems, the environmental effects, and above all the economics, he said.

Figures NASA has been conjuring with are $50bn to set up the project along the lines of the Apollo moon landing, and another $25bn to build the first power station in space. Even these figures assume solar cell efficiencies of 17 per cent over acres of cells—"and we have barely done that in the laboratory."



CONCEPT OF SOLAR POWER SATELLITE

Sun's rays striking photovoltaic cells in orbiting satellite produce electricity which is converted into microwaves beamed to receiving antenna on earth. There the microwaves are converted back to electricity for transmission to users.

STATUS OF U.S. SOLAR TECHNOLOGIES

TECHNOLOGY	APPLICATION	WHEN COMMERCIAL	COMMENT
Solar power satellite	Electricity	Well beyond 2000	Very high capital investment
Solar cells (photo-voltaics)	Electricity	Now—at a price	No way known of mass-producing
Power towers	Electricity	1990s	Storage/cost problems
High temperature solar heating	Industrial heat	1980s	Ripe for exploitation
Low-temperature solar heating	Commercial/ domestic heat	1980s	Ripe for exploitation
Ocean thermal energy conversion (OTEC)	Electricity	2000+	Very low efficiencies of 5-7 per cent
Windmills	Electricity (mainly)	late 1980s	Storage/cost problems
Biomass	Liquid fuels (gasohol)	1980s	Ripe for exploitation

More down to earth, solar cells may be able to provide enough energy to drive solar hats or music boxes, and even power telephones and electric fences in sunny places. But their inefficiency and cost puts them far beyond reach of the electricity companies. Those in the sunbelt have at least shown some interest in the possibility of raising steam at the temperatures and pressures they are accustomed to using by the time-honoured boy scout method of focusing the sun's rays.

The technology is variously known as the "power tower" or heliostat. The idea is to have an array of mirrors—which, for a sizable station would cover many acres—focused upon a central, elevated boiler. In order to generate 100 MW of electricity the designer would have to catch most of the solar energy falling upon some 3-5 square kilometres.

Like solar satellites, the technology falls foul of those opposed to central electricity supplies. It is also criticised as impossibly expensive. Estimates have been made that to compete with present methods of generating electricity the solar collectors and their precision steering must be manufactured for prices lower than the cost of motorway signs and advertising hoardings. Even that takes no account of the fact that when the sun is not shining the plant will be generating no electricity.

Energy storage is a vexed question for many solar enthusiasts who are in danger of forgetting that anyone might want electricity at night. The fact is that storage technology for electricity remains in a rather primitive and expensive state. Storage of heat energy is another matter. U.S. industry has done an immense amount of work since the 1973 oil price increases on new technology for capturing and storing sunshine at temperatures of genuine interest to industry. A government survey a year or so ago counted nearly 200 companies in the business.

Here above all there are real opportunities for replacing oil across a broad swathe of the U.S., harnessing solar energy at temperatures high enough to provide not only domestic and commercial heating (or cooling) but process heat for industries. The storage problem is solved by storing the heat in water or a liquid with a higher boiling point. More than half-a-dozen companies are said to be offering temperatures as high as 315 degrees C. Scientific-Atlanta offers a solar concentrator said to raise temperatures of 485 degrees C.

A more adventurous way of overcoming the storage problem would use solar energy already stored in the sea. It will require huge machines called ocean thermal energy converters (OTEC), of which the Department of Energy is funding an experimental model in the Pacific off Hawaii. In effect it will be a big heat pump sucking heat from the sea. Its big disadvantage is a dismal theoretical efficiency, only about 5 to 7 per cent, as the reward for heavy capital investment.

Nature solves the problem of storing sunlight energy by converting it into chemical energy in green plants. Plants rich in carbohydrates can be fermented to produce alcohol, which in turn can be distilled for use as a liquid fuel—for example, as a 10-20 per cent mixture with petrol called gasohol or "green petrol." The U.S. is already wrestling with the economics of gasohol. More than 500 petrol stations—mainly in the cornbelt of the Midwest — sell a blend containing 10 per cent alcohol.

Swift's Laputian inventor in Gulliver's Travels had spent "eight years on a project for extracting sunbeams out of cucumbers which were to be put in vials hermetically sealed, and let out to warm the air in raw inclement summers." President Carter's hordes of state-funded solar inventors have undoubtedly made progress with projects capable of warming air to several hundred degrees centigrade. But unless most of the effort goes into time-honoured technology such as hydro-electricity or gasohol, they will surely fall short, by a very wide margin, of meeting 20 per cent of the U.S.'s energy needs by the end of the century.

Letters to the Editor

New and inapt word

From the Chairman, The Stock Exchange

Sir,—I am distressed to learn from John Elliott and Anatole Kaletsky in their article (July 30) "Long and short term aims of denationalisation" that "privatisation" is becoming part of the vocabulary of Whitehall. I do not approve of it.

I cannot find the word in the Oxford English Dictionary, although I must admit that the latest volume of the OED supplement only takes us to H-N. When the next volume of the supplement appears I hope the entry will read something like this—Privatisation [n. of action f. PRIVATE + isation]. Obs. 1. The act of returning state-controlled industries to public ownership. 2. The removal of industries from political and/or (usually and) bureaucratic direction by the few, and their subjection instead to commercial criteria and disciplines imposed by the many. 3. Democratisation, accountability, greater efficiency, productivity, etc.

Whitehall does not need this new and inapt word. It has, somewhere in the pending tray, the words "public ownership" which aptly describe the Government's policies. These are the words that Ministers should be using.

Nicholas Goodison.
The Stock Exchange, EC2.

Coal Board financing

From the Chairman, National Coal Board

Sir,—In an article about denationalisation (July 28) the National Coal Board was shown in a table under the heading of "lame ducks." I carefully searched the article to find out on what basis this classification was made, but there was no reference whatsoever to the NCB in the text.

I wonder whether the authors of the article considered the following in compiling their table? Since 1974 the coal industry has embarked on a plan of expansion to meet likely additional demands when other sources of fossil fuel begin to run out towards the end of the century. The plan is based on increased exploration, investment and research. Substantial progress has been made under each heading in the past five years.

In spite of severe difficulties caused by the winter transport disruption, the coal industry's operating profit last year was higher than in the previous year. Although some grants are received by the industry (much less than on the Continent), it is a net contributor to central and local government funds.

The NCB has stimulated and supported efforts to sell British mining technology and equipment abroad, and this is now being effectively pursued in over 40 countries.

In an all-out attempt to meet the increased demand for coal, arising from restrictions in oil supplies, some 2m more tons have been delivered in the four months to date compared with last year—a 5 per cent increase. In spite of a difficult start, due mainly to some major geological setbacks, outputs are now running at planned levels.

Of course the mining industry has its problems. One of its main problems is financing its substantial investment programme, a large part of which will not be completed until the late eighties or nineties. As John Lloyd indicated in his article on July 24 the whole question of the coal industry's financial structure is now being examined.

(Sir) Derek Ezra.
National Coal Board,
Hobart House,
Grosvenor Place, SW1.

Commodity centre

From Mr. J. Tinn, MP

Sir,—May I express my serious concern at the Government's refusal so far to provide financial assistance for a World Commodities Centre in London, as reported on July 20.

The advantages to London and the UK of such a centre have been well established and are presumably recognised by this Government as they were by the last administration. But while the Government is prepared to consider a guarantee, it is not so far prepared to provide cash assistance to enable the project to go ahead. The situation is becoming urgent, with various international commodity organisations seeking suitable facilities and being offered attractive terms to establish themselves elsewhere.

A great deal of practical work has been done over recent years by a study group working with the assistance of the Parliamentary Group for World Government and a fair measure of agreement was reached with the previous Government. Now, however, the situation is becoming urgent and I would hope that all who favour the establishment of a world commodities centre in London would do their utmost to persuade Her Majesty's Government to make a direct financial contribution to the project, perhaps in conjunction with assistance from the Greater London Council.

James Tinn.
House of Commons, SW1.

Interest, tax and income

From the Chairman, Residential Property Committee, British Property Federation

Sir,—There is so much sound common sense in your leading article of July 26, that one hesitates to cavil at any part of it. In particular, your emphasis on the need for a revived private rented sector to fill the yawning gaps in our present housing system is most timely, as was Mr. Trollope's letter (July 25) on the same point.

Perhaps through lack of space, however, you omitted to mention the factors without which the private rented sector cannot hope to be revived. Paramount among these is the need for the investing landlord to obtain from his investment a return which will be at least as attractive to him as the return he can obtain by investing elsewhere. This means that those who occupy rented accommodation must be prepared to pay a rent which, after deducting the landlord's outgoings, will give him such a return. What the level of return should be can be debated endlessly. If inflation is to continue at its present rate, or even at a slower rate, property is likely to be such a good inflation-hedge, that potential landlords might be satisfied with income which gives them a relatively low percentage on the capital invested. If, however, as we all hope, the Government achieves success in fighting inflation, different factors will prevail.

I am not quite sure what you were advocating in the first four paragraphs of your article. Was it that the old Schedule A tax on the occupation of property should be revived, but the present "privilege" of deducting mortgage interest from income before assessing tax should remain, or were you saying that Schedule A should be revived and the "privilege" withdrawn as well?

While dealing with some of the history of the old Schedule A tax, your leader-writer omitted to mention that until Mr. Jenkins introduced the Finance Act of 1965, all interest was deducted from income before the net income on which tax had to be paid was calculated. Since income tax has, I believe, existed since the Napoleonic Wars, it seems that quite a number of previous generations found it logical that this should be so. It was only when inflation began to be serious, and as a result the capital gains to be made by buying property with borrowed money became disproportionate that people began to think there was anything wrong with that principle. In fact it is not that principle which is wrong, but the fact of inflation.

Of course, when Mr. Jenkins took away the facility of deducting interest before tax from the majority of people, but left it available to the owner-occupiers of houses, he perpetrated an injustice in favour of owner-occupiers and against all other tax payers. It does not follow that the way to put that injustice right is to take the facility away from the owner-occupiers. It would make a lot more sense to get rid of the inflation and restore the pre-Jenkins situation.

M. D. T. Evans.
British Property Federation,
35 Catherine Place, S.W.1.

New auditing and disclosure requirements

From Mr. I. Percy.

Sir,—As reported by Michael Lafferty (June 26), the Government will shortly publish a consultative paper on company law. It seems likely that it will embrace new auditing and disclosure requirements for small proprietary companies. This is not just a matter of narrow professional concern to accountants. It will profoundly affect many thousands of companies, their proprietors and those with whom they do business. If the wrong decisions are taken company costs will increase; yet in practical terms the public will receive less comfort than it has a right to expect from audited accounts.

I write as an auditor but I am not mainly concerned in this letter with the interests of the auditor. Limited companies are audited not for the benefit of the auditor, nor for the benefit of the management, but for the benefit of the present proprietors and the wider public—the prospective proprietors, the financiers, the suppliers and the customers.

It is often said that the audit is the price to pay for limited liability. So be it. The proprietor has the choice of unincorporated trading if he prefers. The banks and the other major creditors can protect themselves by seeking personal guarantees from directors. But for the other members of society, it is essential that the protection intended by the law is both meaningful and worthwhile.

So what has changed? Smaller companies have been with us for generations. Audit reports under the Companies Acts have been issued, mainly without qualification. The change is in the nature of the evidence which is properly coming to be expected. It is no longer enough for the auditor to rely on the uncorroborated word of the directors.

Following good practice, formal standards of much greater rigour than of ten or twenty years ago can be expected. The larger company is accustomed to such standards and is normally able to produce independent verification of its affairs and dealings as a by-product of its own commercial practice. The smaller company is likely to be less fortunate. Its scale will often preclude it from applying adequate internal control. Indeed, many small cash businesses will be unauditable.

If an auditor is unable to independently verify significant transactions or assets or liabilities, he will have only two choices: to qualify his report and draw attention to the areas in which he was unable to satisfy himself; or to disclaim any responsibility. Many argue that there would have to be so many qualifications of this kind that the audit process would lose its meaning. Various solutions have been suggested. Some solution has to be found. Meaningless reports will discredit the whole concept of statutory audit. Those with the influence and the need for information will then require companies to submit to special investigations for particular purposes. Today it may be the bank, tomorrow the Revenue, the next day a major creditor.

It has been mooted in Government circles that there should be two sets of auditing standards without legislative distinction. The confusion to which this could lead in the minds of the moderately informed public will be clear from a moment's reflection. Dual standards would be ambiguous.

The auditing practices' committee has published discussion drafts which give guidance on the work required to express a "true and fair" opinion. Those discussion drafts recommend the obtaining of independent evidence. In circumstances where such evidence is not obtainable and the auditor has relied on representations from directors, he is urged to qualify his opinion to that effect.

Many of us, however, believe that the best way for all concerned is to acknowledge that the traditional "true and fair" opinion cannot be given to many smaller companies, which for reasons beyond their control are unable to fulfil the demands for independent verification of data.

In the U.S. and Canada, where there is no audit requirement for small companies, a recent standard requires the reporting accountant to make enquiries of company personnel and carry out analytical review procedures. This may represent an improvement in standards for those countries. In my opinion, it is open to the criticism that it is too great a relaxation of requirements in the UK and needs to be built upon to form a clear, credible, useful and "respectable" alternative to the audit.

The method I suggest is this. The law should be changed to allow small companies to opt out of the audit requirement and to be subject instead to a review. This would encompass enquiries, analytical procedures to ensure that the accounts make sense, and procedures to substantiate the amount and existence of all assets and liabilities appearing in the accounts.

The choice of audit or review should rest with a 90 per cent majority of the voting shares in a qualifying company. Such a company should be within the EEC fourth directive limits—I suggest in current monetary terms a turnover less than £0.5m: total assets less than £0.25m; employees fewer than 25. The company that considers it worthwhile so to arrange its affairs to be able to meet the conditions for a true and fair audit report can do so. The company that prefers not to do so—or cannot by its very nature do so—can opt for review.

I urge all who are affected to influence the Government to change the law and the accountancy bodies to define the review requirements in detail.

Ian Percy.
Thornton Baker.
Fairfax House,
Fulwood Place, WC1.

Relief from pollution

From the Assistant Director of Planning, Brown Boveri and Co., Switzerland

Sir,—From the point of view of carbon dioxide pollution President Carter's new energy policy does not bring any relief; on the contrary, if one substitutes coal for oil the carbon dioxide output per energy unit consumed is approximately 50 per cent higher.

It is an established fact that the content in the atmosphere has already risen 15 per cent since the last century. It is also scientifically proven that concentrations above a certain level cause an increase in average earth temperature. This effect will stay for centuries because of the slow processes involved in lowering the concentration even after stopping carbon dioxide production completely.

If one looks for long range solutions to the energy problem one should take these facts into consideration and start lowering its production as soon as reasonably possible. An alternative path, which avoids the pollutant completely, would be the nuclear option which has been chosen by France and partly by the Comecon countries. It would need, however, an aggressive programme which included reprocessing of spent fuel and fast breeder development. The U.S. as one-time leader in nuclear technology has unfortunately barred this route firmly and will contribute thus for many years to come to world-wide carbon dioxide pollution.

Dr. H. R. Lutz,
(former Director of Mühleberg Nuclear Power Station).
CH-3084 Wabern,
Viktoria-Strasse,
Switzerland.

Today's Events

GENERAL

U.K.: Monthly meeting of National Economic Development Council under chairmanship of Sir Geoffrey Howe, Chancellor of the Exchequer — main item is profitability and investment.

First report of Professor Hugh Clegg's comparability commission covering local authority, health service and university manual workers and ambulancemen.

General Council of British Shipping issues British Shipping Review.

Mr. Michael Heseltine, Environment Secretary, meets councillors and officers from Corby, Northants, to discuss the town's unemployment problem.

Ordinary and rapid hardening Portland cement price increases.

First day of lifting statutory dividend controls.

New basic tax-paid interest rate by building societies.

Prince of Wales visits Cambridge Science Park and later opens the Welding Institute's new Laboratory at Abington, Cambs.

Queen Mother to be installed as Lord Warden and Admiral of the Cinque Ports and Constable of Dover Castle.

Overseas: Queen opens Commonwealth Conference in Lusaka.

COMPANY MEETINGS

BPB Industries, 15 Marylebone Road, NW, 12. Eva Industries, Midland Hotel, Manchester, 11.45. Fairdale Textiles, 54 Baker Street, W, 12. Halma, Dorchester Hotel, W, 12. Arthur Holden, Midland Hotel, Birmingham, 12. Pitman, 39 Parker Street, W, 11. Powell Duffryn, Dorchester Hotel, W, 12. Rediffusion, Institute of Directors, Pall Mall, SW, 12.15. Tanjong Tin, 65 London Wall, EC, 11. United Kingdom Property, 16 Hans Road, SW, 11. Wellman Engineering, Grosvenor Hotel, SW, 12. B S and W Whiteley, Post House, Leeds, 12.

Lex 42% ahead and confident for year

PROGRESS continued for **Lex Service Group** in the first half of 1979 with taxable profit climbing 42 per cent from £8.37m to £11.89m. Sales by the group, whose interest include motor vehicle distribution and servicing, plant hire, transport and hotels, were up £68m at £257m.

Mr. Trevor Chinn, the chairman, says the Government's recent budget measures and the world energy situation makes it difficult to forecast trading conditions for the second half. Normally the company's non-motor businesses make more in the second six months than the first.

However, general expectations for the passenger car market suggest that new car registrations, running at an annualised 1.75m, might be lower in the second half with a consequential effect on Lex's passenger car businesses, he says.

Even so the company is confident of a "most satisfactory" outcome for the year. For 1978 profit was a record £17.9m.

The contract with A. B. Volvo to import and distribute Volvo passenger cars and parts in the UK has been renewed with the group for a further five years to the end of 1984.

Tax, for the half-year, charged at an effective rate of 11.69 per cent, amounted to £1.39m (£1.38m) leaving earnings per share at 16.45p (13.09p). The net interim dividend is stepped up 1p to 2.8p. Last time a 2.7p final was paid.

Total borrowing at half-time was up £8.1m at £57.26m, including short term debt and bank overdrafts of £1.85m (£122,000), but the long-term element was £12.92m higher at £55.1m.

However, with cash at £20.66m, against £7.15m, total net borrowings were down from £42m to £36.6m.

Net current assets amounted to £31.87m (£18.39m) and shareholders funds were up from £66.5m to £91.86m.

There was an extraordinary gain this time of £1.51m (£152,000 debit) comprising principally profits on property sales.

	Half-year 1979 £000	1978 £000
Sales	257,231	188,956
Operating profit	14,598	10,598
Interest	2,711	2,228
Profit before tax	11,887	8,370
Tax	1,390	1,383
Net profit	10,497	6,987
Extraordinary gain	1,505	†152
Attributable	12,002	6,835
Dividends	1,806	978
Retained	10,196	5,857

† Debit.

● comment

Volvo continues to make a good deal of the running at Lex and *profits are slightly over recent market expectations.* Estimates are now pinned on around £23m pre-tax for the full year where, after a 2p rise to 91p yesterday, the prospective fully taxed p/e is just 5.1. The protected yield, assuming a 7p net total dividend, would be 11.3 per cent which serves to reinforce the view that the impact of the expected 10 per cent shortfall in July-December new passenger car registrations has been over-exaggerated. True, margins on the BL franchise have been under pressure but its importance is considerably less than that of Volvo where Lex aims to sell 36,800 vehicles this year against *28,800. Elsewhere,* the boom conditions of 1977 in the hotel industry are unlikely to be repeated in the foreseeable future but at least the deferred fee on the Carlton Tower management contract is expected to be reduced this time. The *Whitehall in Chicago* is at last making progress and occupancy rates at the Heathrow Hotel are *slightly better. The tax charge* will remain very subnormal in 1979, which, coupled with 50 per cent gearing and a substantial capital repayment holiday on rescheduled term debts, provides a significant platform from which to pursue U.S. takeover ambitions.

HIGHLIGHTS

Yesterday brought a sharp shakeout in sterling and Lex looks at what may happen next on the currency front against *a background of a gloomier industrial picture as painted by* the latest CBI industrial trends survey. On the company scene **Taylor Woodrow's** profits are marginally down but there is a 50 per cent dividend rise, as forecast at the time of the rights issue. **Thorn Electrical's** annual report spells out a picture of accelerating capital spending whereas profits will stay quite sluggish and the company is expecting a sharp increase in borrowings. Lex also examines the large losses of **Chrysler Corporation**—the weakest of the three U.S. motor giants. Elsewhere, comments are made on **Grindlays, Lex Service, Vantona, Pratt, Hirst and Mallinson** and **Portsmouth and Sunderland.**

Taylor Woodrow falls to £7.6m at halfway stage

ON TOTAL turnover up £3m at £196m pre-tax profits of **Taylor Woodrow**, the builder and civil engineering contractor, fell from £8.09m to £7.66m in the half year to June 30, 1979.

But the directors point out that the pre-tax profits figures are not directly comparable because of the change of status of two companies. Taylor Woodrow of Nigeria and Taymech Nigeria which were subsidiaries in 1978 are now associated companies.

They add that the results should be viewed in the light of the industrial unrest, including the transport strike, the severe weather and the adverse effect of the movement in exchange rates from June, 1978 to June this year. Because of the long-term nature of much of the group's business they stress that profits should be judged over several years rather than a short period.

The interim dividend is lifted from 2.01p to 3.15p plus a supplementary of 0.2904p following the reduction in tax. At the time of the £18m rights issue in February this year the Board said they intended to pay a total of not less than 12.74p for 1979. Last year's total was 8.4953p on taxable profits of £23.98m
ties take £317,000 (£523,000),
(£22.42m).

Turnover of the company and its subsidiaries was down from £182m to £171m at midway, but that of the associated companies rose from £11m to £25m.

Trading and investment income fell from £12.3m to £10.83m, and depreciation was £4.21m, against £4.56m.

The contribution from associates rose from £351,000 to £1.04m.

Tax for the period is down from £4.23m to £3.94m leaving the surplus after tax at £3.72m, compared with £3.86m. Minori- after which the attributable surplus is up slightly from £3.33m to £3.4m.

The dividend absorbs £1.01m, against £469,000.

	Six months 1979 £000	1978 £000
Turnover	196,000	193,000
Company & subsids.	171,000	182,000
Assoc. companies	25,000	11,000
Trading & inv. income	10,831	12,298
Depreciation	*4,213*	4,559
Associates' profits	1,042	351
Profit before tax	7,660	8,088
Tax	3,942	4,232
Profit after tax	3,718	3,856
To minorities	317	523
Available	3,401	3,333

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Cableform	1.65	Oct. 3	3.08	3.3	3.3
City Offices ......int.	1.3	Oct. 1	0.86	—	2.84
Colonial Secs. ......int.	2.5	Aug. 31	2.5	—	9
Grindlays Hldgs. ...int.	1.06	Oct. 1	1	—	3.07
Hirst & Mallinson int.	1.3	Oct. 1	1	—	2
Kuala Lumpur‡ ... int.	0.1	Oct. 8	0.08	—	0.2
Lex Service	2.8	Sept. 13	1.8	—	4.5
Pratt Eng. ......int.	2.2	Sept. 7	1.84	—	5.42
Taylor Woodrow int.	3.44§	Oct. 1	2.01	—	8.5
Vantona ......int.	3	Oct. 1	2	8¶	5.75
Weber ......int.	2	Oct. 15	1.75	—	10.75

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Malaysian $ gross throughout. § Including 0.2904p Supplementary. ¶ 8p total forecast.

Grindlays hit by strength of £

WITH Grindlays Bank, its main subsidiary, hit by the strength of sterling, taxable profits of **Grindlays Holdings** fell from £19m to £16.2m in the half year to June 30, 1979.

The bank's directors say that the strong £ *cost the group about* £2.9m in profits. They add that the uncertainty of exchange rates and signs of recessionary problems for world trade make it difficult to forecast the second half, but they say it is unlikely net profit for the year will be as high as 1978. The taxable profit last year was £37.2m.

Tax on the profits of Grindlays Holdings amounts to £8.37m, against *£9.08m. After minorities of £3.93m (£4.97m)* and an extraordinary credit of £483,000 last time the attributable profit is down from £5.43m to £3.91m.

The interim dividend is raised from 1p net to 1.0625p and earnings per 25p share are down from 14.5p to 11.5p. The total dividend last year was 3.071p on taxable profits of £37.23m.

The attributable profit of *Grindlays Bank, which is 51 per* cent owned by Grindlays Holdings, was down from £10.63m to £7.62m after tax of £8.43m (£9.13m), a £947,000 extraordinary credit last time and minorities of £259,000 (£296,000).

The *dividend* absorbs £675,000 (same), and earnings per share are shown down from 61.4p to 48.3p.

Directors of the bank say that in the first half specific provisions for doubtful debts, after bringing back provisions no longer required, were at a much reduced level.

Tax relief brought forward from earlier years has been used to offset UK taxable profits, and this benefit will continue for part of the second half.

● comment

Grindlays' share price had been falling ahead of the interim results and the shares slipped another 5p to 101p after the news, giving a 14p loss over the past week. A combination of disappointing figures from Grindlays Bank, where profits are 15 per cent lower and a virtually unchanged dividend explained the market's reaction. Unlike the UK clearing banks Grindlays has not had the benefit of high domestic rates to cushion the sluggishness of its international profits. In addition, it is suffering from the strength of sterling which depressed profits by £2.9m in the half year compared with a figure of £1.9m for the whole of 1978. The group may still decide to pay a higher dividend at the final stage but on an unchanged basis the yield is 4.5 per cent. Meanwhile, the shares sell on around four times prospective earnings.

Hirst and Mallinson expands 28% to £160,400 midway

PRE-TAX PROFITS of **Hirst and Mallinson**, the catering equipment distribution and textile group, rose 28 per cent from £125,100 to £160,400 in the 27 weeks to May 5, 1979. This was despite more than doubled interest of £117,000, against £48,400.

The net interim dividend is stepped up from 1p to 1.3p—a maximum total of 3.88p gross was forecast at the time of the rights issue in February. Last year's net total was 2p, paid from taxable profits of £445,000.

Turnover for the half-year advanced 24 per cent to £8.78m (£7.03m). After tax of £11,200 (nil), earnings per 20p share are given as 3.4p (3.1p).

Mr. M. D. Crompton, chairman, reports that the catering equipment activities continue to develop well and the directors see these as an area for further growth. The recent expansion programme has been very successful.

In removals, the group was hit by the transport strike and while domestic sales show an improving trend, there is no sign of any upturn in overseas shipping.

The chairman says the price war in the pharmaceutical distribution industry has had a severe effect on Northern Pharmaceuticals' sales and margins. It is difficult to see any improvement, and consequently steps have been taken to minimise the damage.

● comment

The half-year figures from **Hirst and Mallinson** reveal the expected improvement in turnover and pre-tax profits—the later is up by 28 per cent. This can be attributed largely to the group's catering equipment division, which has done well and has utilised a February rights issue of nearly £400,000 to expand. But the company could have done better. The transport strike cut into earnings from the group's removals division and the pharmaceuticals price war also damaged recent performance. But the strength of sterling is most worrying since the group's textile exports constitute a significant share of its activities. Last year, textiles accounted for about 40 per cent of the group's trading profits. Further, the bulk of this export business is seasonal (summer to autumn) and with the pound now riding high, the group's full year performance will surely suffer. Nevertheless, the interim dividend has been increased and the company promises a yearly total of at least 2.8p. Analysts project that this will be covered a little more than once, yielding a prospective 9.8 per cent at yesterday's price of 40p, down 1p.

Vantona rises 20% at midway: second-half prospects promising

INCLUDING A first time contribution by Compton Webb, pre-tax profits of **Vantona Group** show a 20 per cent increase at £4.02m for the six months to June 1, 1979. Turnover for the period advanced from £39.1m to £57m.

Fully diluted earnings are shown to have risen from 8.5p to 9.1p on capital enlarged by the acquisition of Compton Webb, which the directors describe as providing a satisfactory contribution to profits.

They state that group prospects for the second half are promising with good order books, although indications are that margins will be under pressure as a result of rising costs.

The net interim dividend is stepped up from 1.9958p to 3p and, subject to a satisfactory second half performance, a 5p final payment is forecast. This would represent a 39 per cent increase on last year's total of 5.752p which was paid from pre-tax profits of £7.31m.

During the first four months of the year industrial unrest and bad weather delayed delivery of goods which affected levels of stocks and increased interest charges beyond those anticipated.

Capital expenditure, as part of a three year plan, was in excess of £3m in the first six months.

Full provision has been made in the interim figures for all tax whether payable or deferred. The accounts for the year, however, will be prepared on the basis of SSAP 15. In the meantime, as a result of the budget provisions relating to the release of the first two years' stock relief, the sum of £2.8m can be released from deferred tax to reserves.

The group's interests include household textiles, fashion fabrics, garments and foundation garments.

	Six months 1978/79 £000	Six months 1977/78 £000	Year 1977/78 £000
Turnover	57,000	39,100	82,403
Trading profit	4,539	3,537	7,711
Interest	518	192	400
Profit before tax	4,021	3,345	7,311
Tax	1,943	1,633	3,420
Net profit	2,078	1,712	3,891
Minority profits	95	69	125
Extraord debs	3	241	595
Pref divs	39	39	78
Avail. for Ord	1,941	1,383	3,093
Ord interim	641	374	374
Final	—	—	798
Retained	1,300	989	1,911

● comment

Vantona's interim profits look to be going against the textile industry trend but the real rate of organic growth within an overall rise of a fifth at the pre-tax level is obscured by an unquantified first time contribution from Compton Webb. The new subsidiary is apparently on target for over £2m pre-tax in the full year but there is some seasonal bias and a change of year end which precludes any pro rata half-to-half breakdown. The least that might be said, however, is that the original business must be maintaining profits after a very difficult first quarter. And, although cost pressures are building up at the expense of margins, order books throughout the group are full to the end of the year and the benefits of the first tranche of the recently announced capital spending programme are expected to come through in the second half. Prospects for this period are obviously very fluid but, on the basis that Vantona will do no more than repeat the level of first half fully taxed and diluted earnings, the prospective p/e of 6.3 says more about conditions in the textile industry than the group's own outlook. The yield of 9.9 per cent, on the dividend *forecast, does nothing to contradict that view.*

ISSUE NEWS

Yearlings rise to 12⅞%

The coupon rate on this week's batch of local authority yearling bonds is up from 12¾ per cent to 12⅞ per cent. The bonds are dated August 6, 1980, and issued at par.

The issues are: London Borough of Havering (£1m), *Inverclyde District Council* (£1m), St. Helens Metropolitan Borough Council (£0.5m), Cleveland County Council (£1m), City of Sheffield (£1.25m), Borough of Chesterfield (£0.5m), Buckinghamshire County Council (£1m), Hart District Council (£0.25m), Cambridgeshire County Council (£0.5m), Dudley Metropolitan Borough Council (£0.25m), Borders Regional Council (£0.25m), Kingswood *District Council (£1m)*, City of Wakefield Metropolitan District Council (£0.5m), City of Carlisle District Council (£0.5m) and Bolsover District Council (£0.5m).

Dartford Borough Council is issuing £0.5m 13¼ per cent bonds due on July 29, 1981 at par.

STYLO

Stylo Shoes announced that acceptances have been received in respect of about 86.3 per cent of the 1,660,512 new ordinary shares and 100 per cent of the new management shares offered by way of rights to ordinary and management shareholders respectively.

HARGREAVES GP

Hargreaves Group announces that acceptances have been received for 7,517,827 ordinary shares representing approximately 85.51 per cent of the 8,791,666 new shares offered by way of rights. The shares not taken up have been sold in the market at a net price of 47p per share.

MIDLAND BANK STATISTICS

Statistics compiled by Midland Bank show that the amount of "new money" raised by the issue of marketable securities in the UK in July was £61.5m, less than half the June total of £153.9m.

So far this year 67 rights issues have raised a total of £620m, more than double the total raised in the corresponding period of 1978.

HIGHLAND DISTILLERIES

Highland Distilleries announces that in connection with the rights issue of 10,235,000 ordinary shares at 88p each acceptances have been received in respect of 8,793,501 shares or 85.9 per cent.

The balance of 1,441,499 has been sold at an average price of 99.5p per share.

Net proceeds of sale, amounting to 11.177p per share (after deducting the issue price and expenses) will be distributed pro rata to those holders of shares to whom the shares were allotted but who did not take up their rights.

Hill Samuel attacked over SA

BY MICHAEL LAFFERTY

THE BOARD of Hill Samuel, the City merchant bank, faced a barrage of criticism yesterday from campaigners protesting at the bank's involvement in South Africa. Among critical shareholders at the bank's annual meeting was Bishop Colin O'Brien Winter, the exiled Anglican bishop of Namibia.

The bishop was among a group of 20 shareholders belonging to the End Loans to Southern Africa (ELTSA) organisation at the meeting. He told the Board that morality should be an important consideration in making investments, and asked whether Hill Samuel had been concerned with any loans for Namibia. He was told by Sir Kenneth Keith, the Hill Samuel chairman, that this was possible.

Other protesting shareholders asked about Hill Samuel's involvement in arranging loans for the South African Electricity Supply Commission, for SASOL, which was concerned with developing synthetic oil, and agencies concerned with the Bantusan homelands for black people. However, they obtained little information from the Hill Samuel Board, with Sir Kenneth stressing the autonomy of the group's South African subsidiary.

Sir Robert Clarke, Hill *Samuel's chief executive,* reaffirmed the Board's opposition to apartheid. Nevertheless, as an international bank, the group had loans in most parts of the world, including Russia.

Sir Kenneth said it would be impossible and unrealistic for Hill Samuel to withdraw from South Africa. "First of all you have to find a buyer," he declared.

He told the meeting that Hill Samuel had had a successful first quarter. "On the broking and consulting services side, Noble Lowndes and Partners is continuing to produce excellent results while Lambert Brothers Shipping, although still encountering adverse trading conditions, is benefiting from the improved freight markets."

Portsmouth Sunderland rises to £0.97m in first quarter

TAXABLE PROFITS of **Portsmouth and Sunderland Newspapers** expanded from £692,000 to £967,000 for the 13 weeks to June 30, 1979, on increased turnover of £4.35m, against £3.5m.

In the last full-year, the surplus reached a record £2.88m.

After tax for the period of £493,000 (£357,000), earnings per 25p share are shown higher at 5.9p (4.1p).

On a CCA basis, pre-tax profits were £722,000, and earnings are given as 2.8p.

● comment

The 40 per cent rise in pre-tax profits at **Portsmouth and Sunderland** gives little indication of the full-year result, but certainly suggests that the provincial press was making hay during the second calendar quarter. An increase in advertising rates and volume before the budget was the main stimulus, though Portsmouth and Sunderland also profited from higher cover prices, introduced in March, and from the effect of higher interest rates on investment income. The *sterling/dollar clause in newsprint contracts will have allowed* the group to exploit foreign exchange fluctuations, but only temporarily. Add to this uncertain advertising revenue prospects and the chances are that the first quarter figures will look a little aberrant by the year end.

Advance at City Offices

FOR THE first half of 1979, gross *income of City Offices Company* improved from £667,797 to £842,563 and pre-tax profit rose from £554,933 to £675,420.

Tax for the period took £171,121 against £256,825 and there was an extraordinary credit of £172,409 (£173,164).

Earnings per 25p share moved ahead from 1.3p to 1.87p and the net interim dividend is lifted *from 0.86p to 1.3p. Last year's* total payment was 2.84p.

Wheway warns on profits

Profits for the first six months will be less than those of last year, Mr. W. Gibson Briggart, chairman of **Wheway Watson Holdings**, told the annual meeting.

But he pointed out that the results for the full year should be satisfactory. Taxable profits for the whole of last year were £910,407 (£765,688) after rising from £283,816 to £420,859 at midway.

The chairman adds that the higher interest rates will *mean that the midway charge* will be £50,000 more than the previous half year.

But he says that despite the strength of sterling exports sales are expected to be maintained. Last year the company exported £1.5m of products.

British Land dividend in sight

ON THE back of its improved financial situation **British Land** hopes this year to make its first dividend payment for more than six years.

But Mr. John Ritblat, chairman, says in the property company's annual report that the character of the company's business, in the absence of long-term finance at reasonable rates "must minimise the amount available for dividend distribution."

Mr. Ritblat says that net borrowings have now been reduced to under £80m compared with net tangible assets of £107m. In the year to March 31, 1979 the group earned a pre-tax revenue surplus of £3.36m.

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● NEWS ANALYSIS—WELLMAN DEFENCE

A chance to decide: Redman or Indiana

BY RAY MAUGHAN

A COMMON takeover tactic to bid for a business when its profits are temporarily down. Redman Heenan International is bidding 65p per share or £7.3m for Wellman Engineering Corporation. Wellman's profits for the year to last March fell from £1.55m to £1.03m pre-tax. Wellman, in turn has agreed to pay around £5.17m for the business and certain assets of the Industrial Heating Business Department of General Electric in Indiana; IHBD turned sharply into the red last year.

The timing of these bids is complicated; one reason being that Redman will withdraw its cash offer if the IHBD takeover goes ahead on the grounds that Wellman would incur too much debt. Redman will be asking its shareholders for formal approval to go ahead with the deal tomorrow while Wellman will be seeking shareholders' approval for the IHBD acquisition on August 13. The Redman offer, meantime, comes to its first closing date on August 8.

Redman, after periodic share purchases over the last year, now holds around 29 per cent of the Wellman equity and, in the normal course of events, would not expect any significant levels of acceptances until about two days before its offer expires.

In the scant few days before the future shape of these two substantial UK engineering groups is decided, Wellman shareholders have an opportunity at the annual meeting today to seek more information regarding the proposed step into the U.S. furnace market.

The step is important firstly because Wellman has made no secret of its desire for a significant U.S. springboard for expansion. In particular, Wellman's coal gasification plant technology, developed with apparent success in South Africa, would be introduced through IHBD's manufacturing and marketing base. Outside surveys suggests that the U.S. may build over 1,000 coal gasification plants and Wellmann believes that President Jimmy Carter will be our greatest salesman." Much might depend on the successful commissioning of a Caterpillar Tractor plant at York, Pennsylvania, *which is being built to* Wellman's design.

The move is also important, the way Redman sees it at least, for the consideration would transform a company with £2.5m of cash in its last balance sheet into one with substantial borrowings.

There was no debt at the March year-end but Wellman proposes to take on gearing of 42 per cent through a £2.8m 10-year industrial Revenue Bond and a £1.72m overdraft facility. Cash balances would be reduced to £310,000 by the subscription of new equity capital in the recently formed U.S. subsidiary, Wellman Inc.

Shareholders have been asked to ratify an increase in borrowing limits from £2.8m (an anachronistic limit determined by the paid up share capital) to £7.3m. Net worth is £6.27m.

To justify this level of "leverage," shareholders must be reasonably certain that the IHBD loss last year of £373,000 will not recur. Wellman has stressed that average profits over five years, despite this setback, total £950,000—but the record is rather erratic. In 1975, profits dipped from £1.54m to £693,000.

Blame for the deficit last year is pinned squarely *on* the decision, some three or four years ago, to enter the electro-boiler market. General Electric senior management in Indiana now concedes that this expansion was "just not well founded" and the venture had run into "heavy complaints problems after warranting performance levels that it could not achieve." Sales never covered the significant increase in "base costs"—the workforce was expanded by 180 employees most of whom have since been absorbed in other parts of GE or made redundant—and the financial chickens all came home to roost last year. As one senior GE executive put it recently: "I don't know why IHBD got into that product in the first place."

If that implies a high level of subsidiary Board autonomy, it *may be worth noting that the* current executive team that Wellman hopes to inherit has been with GE for not less than 13 years and whose average age is around 35 years. Equally important, it was not responsible for the electro-boiler decision.

The profits of IHBD have not been warranted, save that the consideration will be reduced by £108,000 if the acquisition makes less than £1.1m before interest and tax in the 33 weeks to March 1980. But GE has agreed to cover any future losses on the electro-boilers failure.

Redman has no argument with the commercial logic offered by the deal and, indeed, has already approached GE with a view to continuing the IHBD purchase *should the offer for Wellman succeed.* GE, for its part, feels "very positive about Wellman" and has been "concerned to find a buyer with good prospects related to its basic business and proven expertise."

Whatever the outlook at IHBD it is vital that Wellman is able to fund its proposed high level of borrowing from a stable home base.

Its profits last time slumped by almost 34 per cent after higher than expected moving costs, a severe disruption in the industries served by Wellman Alloys and significant losses stemming from industrial disruption in the motor industry. However, the group has already forecast over £500,000 pre-tax for the six months to September which, given the *normal half-to-half* bias, suggests something in the region of a recovery to 1978 profit levels of £1.55m.

That implies an exit p/e of 11.7 if Redman's offer is accepted. But, before shareholders decide as to the generosity or otherwise, of this offer, there should be more questions to be asked concerning past losses, management and prospects in far away Indiana.

Pratt declines at halfway

TAXABLE PROFITS of F. Pratt Engineering Corporation fell from a restated £522,000 to £388,000 in the half-year to April 30, 1979. But the group says that since midway its performance has improved and it is looking for more satisfactory results in the second half. Orders on hand at the *interim stage were £8.7m, up* £1.9m in the half year.

Figures for the constructional steel division which has been closed down have been excluded from the results. Closure costs and losses have been made in the accounts for the year to October 31, 1978, when the comany produced pre-tax profits of £967,000. Turnover and profit for last year's midway results have been adjusted.

The directors say that widespread industrial problems, high interest rates and generally weaker trading conditions in the UK prevented the group from maintaining the upward trend of the second half of last year. They add that the transport workers' strike depressed results for the first half.

The interim dividend is lifted from 1.8391p net per 25p share to 2.2p. Earnings per share are down from 6.2p to 3.5p. Last year's total payment was 5.4214p.

Turnover for the half-year rose from £8.1m to £8.98m.

The taxable profit was struck after depreciation of £240,000 (£202,000) and interest charges up from £211,000 to £347,500.

Tax takes £202,000 (£221,000) leaving the attributable surplus down from £331,000 to £186,000. The dividend costs £118,000, against £98,000.

A professional revaluation of the principal freehold and leasehold properties showed an open market value of £6.2m, a surplus of about £3.9m over book value.

	Half-year	
	£000	£000
Turnover	8,976	8,070
Trading profit	975	965
Depreciation	240	202
Interest	347	211
Taxable profit	388	552
Tax	202	221
Attributable profit	186	331
Dividend	118	98

● comment

Six months ago, after closing its loss-making constructional steel division, Pratt was making optimistic noises about the future but tempering them with warnings about the effects of continued industrial *disturbances. In the event,* the company's caveat was justified by the unquantified impact of January's lorry drivers' strike, particularly on exports, and the continued problems in the motor industry, which depressed the important forging division. These factors, coupled with an increase in borrowings and higher interest rates, combined to drop profits by 29 per cent in the first half. Since then, borrowings have been reduced and there should be further relief from the sale of some property in the constructional steel division. The order book, which is 28 per cent higher than last October, is an encouraging feature because it contains some useful volume growth, although some of the increase reflects orders carried over from the previous half. Overall, Pratt will find it difficult to make a complete profits recovery in the closing six months but £0.9m pre-tax looks possible. At this level, the shares are on a p/e of 4.1 at 62p while the prospective yield is over 15 per cent assuming a one-fifth dividend increase.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Martin Ford, Shell Transport and Trading, Vosper, Yeoman Investment Trust.

Finals—Brady Industries, Bromsgrove Castings and Machinery, Dixons Photographic, Hazlewoods (Proprietary), Morgan Edwards, Alexander Russell, Staveley Industries, Waring and Gillow.

FUTURE DATES

Interims—	
Appleyard	Sept. 27
Automated Security	Aug. 2
Clarke (T.)	Aug. 23
Imperial Chemical Industries	Aug. 23
Provident Financial	Sept. 4
Royal Insurance	Aug. 16
Smith and Nephew	Aug. 14
Tricentrol	Aug. 2
Whitehouse (George)	Aug. 7
Finals—	
Anglo-American Asphalt	Aug. 8
Assam Investments	Aug. 8
Centreway	Aug. 7
Commercial Bank of Australia	Aug. 23
Govett European Trust	Aug. 2
Hume Holdings	Aug. 8
Letraset	Aug. 14
Norton and Wright	Aug. 3
Smith (David S.)	Aug. 9
Sommerville (Wm.)	Aug. 2
Unitech	†Aug. 17

† Amended.

CH Industrials makes encouraging start

THE ENCOURAGING trend in profits of C.H. Industrials which became evident at the beginning of its current year is continuing, says Mr. T. M. Hearley, the chairman, in his annual statement.

Management accounts show that first-quarter results are a little ahead of the same period last year.

On sales 12 per cent higher at £14.39m, pre-tax profits for the year ended March 31, 1979, fell by 22 per cent to £624,492—as reported June 29. The result was affected by production difficulties, the road haulage strike, and bad weather.

Despite some adverse factors, the directors are optimistic that the current year will see a more acceptable level of profitability, although they add that in some areas of operations progress will be difficult.

In the decorative trim division, the production problems of the metal trim activities have been largely overcome and an improving level of profitability is expected throughout the year. However, market conditions are more difficult and some decline in order intake is already apparent.

All companies in the building products division are experiencing substantial raw material cost increases, which Mr. Hearley says must be passed on if improved profitability is to be maintained. Overall, this side is expected to produce a substantial contribution to group profits in the current year.

The automotive trim division has built a strong order book for canvas weatherproofing products, particularly for the Ministry of Defence, and the chairman says these products should make a valuable contribution this year. It should also benefit from the introduction of the new TR7 soft top, he adds.

Prospects for this division remain highly dependant on the success of its principal customer to maintain car production close to scheduled levels, but indications are encouraging for the year as a whole.

The synthetic foam side has suffered a rapid escalation in raw material costs due to price increases of oil-derived feedstocks. However, the year has opened satisfactorily, and this company is expected to continue to progress.

During 1978-79, group capital expenditure totalled £610,000, while the acquisition of S.A. Richardson and the investment in Medfurn totalled a further £820,000. This year, it is planned to spend another £1m, principally on further expanding the Cementone operation in Buckingham.

An additional term loan facility has been made available by the group's bankers, while agreed property disposals will provide a further £350,000.

On a CCA basis, pre-tax profits are reduced to £366,997 (£651,807), after extra depreciation of £250,651 (£179,414) cost of sales of £131,897 (£42,306), partly offset by gearing adjustment of £125,053 (£74,276).

Meeting, The Carlton Tower Hotel, SW, August 30, noon.

MINING NEWS

Ashton tests show a 60% gem content

BY KENNETH MARSTON, MINING EDITOR

A GOOD gem proportion of 60 per cent has been indicated from a first evaluation of diamonds collected from the Ellendale prospects at the intriguing Ashton diamond venture in Western Australia. But the value of the stones was relatively low.

Conzinc Riotinto of Australia says that *the preliminary* examination, carried out in Europe by expert groups which included **De Beers'** *Central Selling Organisation*, was of two *parcels*. One, of about 880 carats came from kimberlitte pipe "A" and the other of 1,220 carats was from pipe "B."

About 60 per cent by weight of the diamonds from pipe "A" was classified as cuttable gem quality, about 3 per cent was suitable only for industrial use and the remainder was regarded as suitable for lower quality gem or better quality industrial use.

Pipe "B" results also indicated 60 per cent gem quality, but 13 per cent in the industrial grade and the rest in the grey area between gem and industrial *classifications. In terms of average* value the pipe "A" stones varied between US$78 per carat CSO selling price and $88 on the basis of the current market price. Pipe "B" values ranged from $56 market price to $57 CSO price.

The high proportion of gem stones is very encouraging, bearing in mind *the fact that the* average size must be as low as under 20 points—there are 100 points to the carat—but the full 58 facets can be cut on diamonds *of as little as* just over three points.

While the average price values *given* are low, they can still be regarded as acceptable. Another factor in assessing the latest results is the recovery grade which in bulk samples treated in the first half of this year equalled 12.4 carats per 100 tonnes of material from the *higher grade pipe* "B."

This is a low recovery, certainly by South African standards. Admittedly it is about the same as at **Consolidated Diamond Mines of South West Africa** but that big open-pit operation *has* a high gem content of about 90 per cent and the stones are much larger and of good quality.

A closer comparison might be with De Beers' old Koffiefontein mine which has a grade of 9.3 carats per 100 tonnes and a gem content of around 50 per cent, but here again *the average size* of the stones is considerably higher.

While size alone does not determine the value of the diamond *it is still very important*; one stone in five carats would be worth far more than five stones of one carat, assuming that all had similar qualities in other respects such as colour, quality and shape.

But, as CRA and its diamond valuers stress, the sizes of the parcels being examined were only about one-fifth of the size normally required to indicate what the average value of diamonds in a pipe may prove to be. And, of course, Ashton has many more pipes which have *not yet been examined.*

So at this still early stage it is impossible to assess Ashton's prospects—in May last year the CRA chairman said that it could *take three years before it was* known whether diamonds existed in commercial quantities.

Allowing for the reservations that an approach to exploration requires, results of the latest study are more encouraging than most of the news we have had so far. But, as the form master wrote: "Could do better."

Uranerz in Tanzania deal

WEST GERMANY'S Uranerzbergbau uranium group has signed an agreement with Tanzania *for exclusive rights to* prospect for uranium in that country. This follows a one-year exploration programme which has yielded encouraging results, reports our correspondent in Dar-es-Salaam.

The pact, the first of its kind *Tanzania had signed, is for* an initial two years of intensive prospecting and gives the Dar-es-Salaam Government the right to acquire a 51 per cent interest *in a joint venture company* to mine any exploitable deposits that might be found.

Dr. Dieter Nottmeyer, the managing director of Uranerz said that the pact, which was hammered out with *the help of* the Commonwealth Secretariat, embodied a formula that might well become a model for similar deals with other African *countries.*

His company has been prospecting in about one-third of Tanzania's total land area following the discovery of promising radioactive anomalies in an aerial survey carried out by another West German company, **Geosurvey International.**

Tanzania has sedimentary strata similar to that in South Africa which yields low-grade *deposits. But Dr. Nottmeyer* believes the deposits could be richer in Tanzania.

It is understood that Tanzania would also receive a fixed royalty together with company taxes and an additional profits tax related to the rate of return on invested capital.

Uranerz provides 50 per cent of West Germany's uranium requirements from its Canadian *Rabbit Lake Mine in* Saskatchewan and is developing another big deposit in the province which, Dr. Nottmeyer estimates, will reach production in the early 1980s.

OIL AND GAS NEWS

Stirling finds oil on North West Shelf

Operators of the Bruce wildcat well on Australia's North West Shelf announced yesterday "minor indications of liquid hydrocarbons" in the cuttings from initial drilling, **reports Don Lipscombe from Perth.** They are in the process of cutting a conventional core.

The Bruce well is situated *between Woodside Petroleum's* North Rankin gas field and the coast. **Stirling Petroleum** recently floated on Australian stock exchanges, is the operator of the well. Other companies with an interest in the well are **Magnet Metals**, with 24.4 per cent, **Lennard Oil**, with 12.3 per cent, **Monarch Petroleum**, with 8.8 per cent and **Minicorp** with 1.74 per cent.

The Bruce well, which is being drilled in 76 metres of water with a programmed total depth of 2,500 metres, is the first drilled by an all-Australian group since offshore tax concessions were restored three years ago.

* * *

Crude oil production from Bahrain's traditional onshore oilfields declined last year by 4.8 per cent but increased output from offshore wells shared with Saudi Arabia meant an *overall increase for the Gulf* Island State, according to official figures.

The Bahrain Monetary Agency said in its annual report that onshore production was 20.19m barrels in 1978 and output from the recently developed joint Saudi-Bahrain Abu Saafa offshore field reached 25.48m barrels.

This put Bahrain's total 1978 production at 45.67m barrels, equivalent to 125,000 barrels a day, the smallest production in the Gulf.

The total output was 2 per cent up on 1977 when onshore production stood at 21.23m barrels and offshore output at 23.59m.

The value of petroleum exports, including refined oil products, rose by 2.2 per cent in 1978 to reach 585.5m dinars, according to the report.

* * *

S.T.E. Nationale Elf-Aquitaine (SNEA) says that its subsidiary **Elf Aquitaine Oman** is to go ahead with the development of an oil find at Sahmah on the Sultanate of Oman.

Oil was discovered in 1978 at Sahmah, which is in the Butabul territory around 550 km south west of Mascate, near the Saudi Arabian border. The well should produce 12,000 barrels a day *from the beginning of third* quarter 1980, according to SNEA.

New business increase at Royal Insurance

A satisfactory rise in new life and pensions business in the UK and Ireland over the first half of the year is reported by the **Royal Insurance Company.** New annual premiums advanced by 13 per cent down £10.1m to £11.4m and single premiums by 12 per cent from £9.6m to £10.8m.

The group points out that sales of individual pension contracts for the self-employed and for directors and executives again rose substantially, but as expected group pension was at a lower level compared with 1978 when a considerable volume of business was done coinciding with the introduction of the new State pension scheme.

On the nidividual life side, the group reports a satisfactory level of endowment assurance business to repay house mortgages despite the restrictions on building society lending. The rise in *single premium business reflects* the Royal's continued competitiveness in the immediate annuity market.

McMullen sees rise for year

McMullen and Sons hopes the trend in midway profits—which showed an increase from £834,000 to £903,000, as already reported—will at least be maintained over the year, given reasonable weather over the next couple of months.

Last year, the surplus of the brewer reached a record £1.84m (£1.46m).

The directors say the better *weather of early July* has produced some improvement in sales which will be helped when the tax reliefs in the Budget catch up with the effect of the VAT *increase.*

STANDARD BANK NIGERIA

Standard Bank Nigeria has changed its name to the First Bank of Nigeria. It remains an associate of Standard Chartered Bank Limited, which is a substantial minority holder.

BIDS AND DEALS

Crellon quote cancelled

Crellon Holdings, the electrical group which has been the subject of a number of rescue packages in the past year, is to have its share listing cancelled.

This follows the sale of its last major trading subsidiary, **Crellon Electronics**, to Thorn Electrical Industries for £925,000. *In April, a receiver was brought* in to its largest subsidiary, Superlamp Metallic.

Guarantees made to Superlamp were called on and this created *what was described as* "excessive" liabilities on Electronics and Holdings.

So severe were the problems at that time that Crellon asked for the shares to be suspended. Mr. Joseph Eiger, the new chairman who had just taken over the position and the share holdings of Mr. Geoffrey Rose (who briefly tried to rescue the group last year), pumped in a further £692,000 by way of loan stock, convertible preference and ordinary shares.

This package resembled that *put together by Mr. Rose* which provided £700,000 odd of new capital by way of a convertible preference rights issue. Mr. Rose, however, sold out of the company in February, two months before it was announced that no dividend was to be paid on the preference shares.

By this time Mr. Eiger and Antony Gibbs and Sons, his advisers who also hold a sizeable amount of the capital, were attempting a reconstruction which they said would leave the company with "a viable future."

The reconstruction, which would give Gibbs and *Mr. Eiger* 43 per cent of the votes, has still to go before a special meeting of the company. This was promised in May to be held "as soon as possible." Yesterday, the Board said that the notice calling the meeting will "be issued shortly."

The Stock Exchange appears to have authorised the cancellation of Crellon's *listing as preferable* to a long-term suspension. Permission should shortly be made for the shares to be dealt in under the rules for unlisted companies.

As an unlisted company Crellon's only activities are a small microprocessor business which it intends to develop.

GUTHRIE CALLS OFF MINORITY DEAL

Guthrie Corporation is not to proceed with its intended bid for *the minority of* **Guthrie Berhad** because terms could not be agreed.

Guthrie announced on July 9 that it wanted to buy in the 27 per cent it does not already own at Singapore$2 per share. There was local opposition to the price and Standard and Chartered Merchant Bank Asia, advising the minority, declined to recommend it. *Guthrie refused to go* higher so the proposed offer has fallen through.

Shares of Guthrie Berhad have been traded at prices as high as $2.23 since the bid was proposed. Before Guthrie's announcement yesterday they were down at about $2.08. The news came after the close of the Singapore exchange.

Mr. Ian Coates, managing director of Guthrie, would not be drawn yesterday on whether another approach may be made in the future.

KITCHEN QUEEN TRANSACTIONS

Mr. Neville Johnson, the chairman of Kitchen Queen, has bought a further 250,000 shares in the company, boosting his total stake to 7.6m, or just over a quarter of the capital.

This brings the total family *stake up to over 40 per cent*, taking account of the dilution caused by the extra shares issued during the recent Knott Mill acquisition.

Earlier this month, it was announced that Industrial and Commercial Finance Corporation had sold its 1.69m shares, or 5.7 per cent, in the company for nearly 1m.

Meanwhile, Mr. Peter Scott, a director of Knott Mill who was chairman before the bid, has sold 1m Kitchen Queen shares, leaving a balance of 744,595 (2.5 per cent). His holding was acquired as a result of the offer. Most of the shares were placed with clients of Halliday Simpson, the Kitchen Queen brokers.

LOOKERS BUYING MOTOR INTERESTS

Lookers, the Manchester-based motor vehicle distribution and engineering group, has agreed terms in a £675,000 cash deal to acquire **Grosvenor Motors (Preston)**, **GMP Cars'** motor trade net assets, and property owned personally by Mr. Colin Cowperthwaite, managing director of both of the Preston companies.

The companies are mainly engaged in selling and maintaining motor vehicles and the sale of parts and accessories. Grosvenor holds the franchise for Fiat cars and GMP for Peugeot cars: franchises not currently held by Lookers.

Total net assets involved, including property at revaluation, amounts to £600,000 and the combined profits and property income before tax is £158,000.

AGB/ATTWOOD STATISTICS

AGB Research has completed the acquisition of **Attwood Statistics (Great Britain)** and its two wholly owned subsidiaries, Attwood Statistics and Attwood Continentaal BV.

ASGB and ASL are market research companies and operate from Berkhamsted, Hertfordshire. Continentaal is a Dutch registered investment holding company owning 51 per cent. of Attwood Panels BV, 50 per cent of Interact BV and 40 per cent of Attwood (Nederland) BV, all of which are also Dutch companies.

The acquisition is not expected *to have a material effect on the* results of AGB for the year ended April 30, 1979.

MACKAN TO BUILD UP ELLIS & McHARDY

Mackan, the Canadian-owned company which is bidding £2.2m for **Ellis and McHardy**, intends to use the Aberdeen fuel distribution and North Sea oil service concern as the basis for building up a major trading organisation in north-east Scotland.

This is stated in the formal document. The cash offer has been accepted by the board and holders of 40.4 per cent of the *shares.*

Mackan Group (UK) is part of the Mackan Group of Toronto, which is owned in turn by the Tanenbaum family with extensive interests in steel, construction, hotels and other industries.

The offer is equivalent to 165p a share, but its implementation will be preceded by a two-for-one scrip issue with the terms *adjusted to 81½p on all 3.6m* shares. The offer closes on August 21.

DOROTHY PERKINS/ DEBENHAMS

Dorothy Perkins, the specialist fashion retailer, is to open further shop-in-shop units in **Debenhams'** *major stores.*

The opening programme, planned for September, follows successful pilot operations in Debenhams in Bristol and Romford.

Thorn plans expansion of overseas TV rentals

NO DRAMATIC short-term improvement in profit levels is foreseen by **Thorn Electrical Industries** and the current year "will not be an impressively good one" for the group.

Sir Richard Cave, chairman, says that the group is progressively laying the base of a much expanded international business particularly in television rental subsidiaries and selective acquisitions in engineering.

The chairman feels that there is much action to be taken to get the UK economy working at its proper pace again. For the group *this must mean a return* to substantial growth and higher profit both in the UK and overseas.

He looks forward to increased *demand for the group's major* products. As regards new technologies, including the microprocessor, he does not see a lowering of the total level of employment as numbers are expected to increase through a higher level of activity.

On the financial side the chairman says that the company's strong cash flow resulted in an *overall improvement of £27m in* the liquid position during the year. Forward cash requirements in the UK and overseas could be considerable but well within the group's borrowing capabilities, he points out.

Many overseas operations are *now self-financing*. If the group is successful in its plans for overseas growth and acquisitions *this will be achieved by an in*crease in borrowings after taking into account Budget changes in *respect of overseas investments.*

In the UK expenditure on rental equipment will be at a higher annual level than previously, much of which will be required to replace colour TV sets installed in the early 1970s.

In addition substantial sums will be required to finance the increase in colour television renters which should continue for some years. The new high unit value video products which will be particularly suitable for *rental will also require sizeable* financing.

Thus despite a positive cash flow, borrowings in the UK can be expected to increase in the next few years, says the chairman. In the longer term he expects this trend to be reversed as a result of a stronger positive cash flow from an enlarged rental business.

In the year ended March 31, 1979, group profit, before tax, improved from £110.3m to £118.1m. The dividend is increased from 11.45p to 13p per share which is stated to be covered 4.2 times. If ED 24 were adopted in respect of inflation accounting it is estimated that the dividend cover would be at least 2.3 times.

Referring to the application of SSAP 15 the chairman says that no deferred tax provision is con*sidered necessary on* fixed assets or stock. However, the Board has taken a more cautious view in respect of UK television receivers and video equipment for rental in view of the possible effects of rapidly changing technology and has made full provision for deferred tax in this category of assets.

The group balance sheet at *March 31 shows* total assets up from £826.9m to £889.1m including *rental equipment* of £200.1m (£183.2m), and bank deposits and cash of £23.3m (£13.8m). Overdrafts showed a reduction from £58.5m to £40.8m.

Group capital commitments at the year end stood at £22.2m (£20.6m) of which £18m (£16.1m) had been sanctioned and £4.2m (£4.5m) was uncontracted.

Meeting, Dorchester Hotel, W, September 14 at noon.

See Lex

Lindustries warns of shortfall

*MR. W. E. LUKE, retiring chair*man of **Lindustries**, warned shareholders at the AGM that, because of particularly difficult *trading conditions, the hardening* of sterling and significant losses at one subsidiary, profits for the current year might show a reduction on those of last year, when the pre-tax figure turned in at £7.24m.

The losses, which were confined to a subsidiary specialising in mining equipment, presented an extremely difficult problem, he stated, and it was by no means certain that there would be a restoration of orders to either previous levels or even adequate levels in the near future.

Trading within the group was running at lower levels of profitability than was the case at this time last year.

The company's interests lie in engineering, rubber and polymer and thread products.

TRUSTS REPAY

First Scottish American Trust Co. has repaid a US$2m line of credit, and **Northern American Trust Co.** a $3m line of credit, to Morgan Guaranty Trust Co. of New York.

CURRENCIES, MONEY and GOLD

Pound slumps

STERLING RECORDED its biggest one-day fall since January 1978 in currency markets yesterday, as a combination of factors prompted a 6.55c fall against the dollar to $2.2470-$2.2490. It was also weak against other major currencies, and its trade-weighted index fell to 72.1 from 73.8, having stood at 72.8 at noon and 72.9 in the morning. The pound was already showing a softer tendency in overseas markets, prompted by improved sentiment in the dollar. With a general switch out of long sterling positions and heavy liquidation of short dollar holdings, the pound's fall met little resistance, and any activity by the Bank of England at the lower levels was fairly insignificant.

Sterling's recent sharp rise was probably overdone, and it seemed inevitable that any correction was likely to be equally dramatic. Against the dollar it opened at $2.2900 and rose to $2.2945 before easing to $2.2780 before 10 am. By lunchtime it had steadied at around $2.2800 before plunging 3 cents to $2.2500. Trading at this point became very patchy and volatile, and sterling was quoted at times with half cent spreads. By mid-afternoon it had recovered slightly to $2.2600, but with business thinning out and financial centres in Europe closing, it fell a further cent to its closing level.

Against the D-mark, the pound finished at DM 4.1225, sharply down from Monday's close of DM 4.2425, while the French franc was quoted at FFr 9.57 compared with FFr 9.8375.

Apart from its performance against sterling, the dollar showed little overall movement. Dealers were unwilling to commit themselves to a firmer trend in the U.S. unit, but pointed out that sentiment had improved noticeably since the nomination of Mr. Paul Volcker as chairman of the Federal Reserve Board, and his firm commitment to reduce inflation.

The dollar finished at DM 1.8335 against DM 1.8325, but had been quoted higher at DM 1.8430 earlier in the day. Similarly against the Swiss franc it closed at SwFr 1.6600 from SwFr 1.6575 after a high for the day of SwFr 1.6680. So although firmer, the dollar finished some way below its best levels. On Bank of England figures, its trade-weighted index rose to 84.6 from 84.3.

FRANKFURT—The dollar was fixed higher yesterday at DM 1.8377, compared with DM 1.8252, and there was no intervention by the Bundesbank. In the absence of any central bank support, the U.S. unit rose to DM 1.8410 during the morning, backed by favourable comments from the U.S. Administration on the need for a stable dollar to combat inflation. Elsewhere sterling fell sharply at the fixing to DM 4.1950 from DM 4.2230.

MILAN—The lira was sharply weaker against the dollar but improved against sterling and EMS currencies.

TOKYO—The dollar finished slightly firmer against the yen yesterday at Y216.875 compared with Y216.225 on Monday. After opening at Y217.50, the U.S. unit touched Y217.80 on favourable comments by Mr. Paul Volcker, chairman designate of the Federal Reserve Board, over his intention to combat inflation by reducing money supply growth. However the dollar failed to maintain its higher levels and came on offer with the settlement of export transactions. Trading was described as being particularly heavy.

THE POUND SPOT AND FORWARD

July 31	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.2470-2.2945	2.2470-2.2490	0.78-0.68c pm	3.90	1.92-1.82 pm	3.33
Canada	2.6270-2.6775	2.6270-2.6290	0.78-0.68c pm	3.34	2.05-1.95 pm	3.04
Nethlnd.	4.51-4.63	4.52-4.53	2⅞-1⅞c pm	6.30	6¾-5¾ pm	5.52
Belgium	65.80-67.30	65.85-66.05	20-10c pm	2.91	50-40 pm	2.73
Denmark	11.86-12.10	11.87-11.89	2¼-¼ore pm	1.26	1¼-3¼ dis	−0.75
Ireland	1.1025-1.1100	1.1030-1.1040	25-35p dis	−3.26	80-90 dis	−3.08
W. Ger.	4.11-4.22	4.11½-4.12½	3¾-2¾pf pm	9.46	9-8 pm	8.24
Portugal	109.60-111.75	109.65-110.05	40-100c dis	−7.65	120-220 dis	−6.19
Spain	148.40-151.35	148.40-148.55	280-330c dis	−24.65	720-820 dis	−20.74
Italy	1,841-1,883	1,842-1,844	2¼-4¼lire dis	−1.46	9-11 dis	−2.17
Norway	11.33-11.56	11.34-11.36	5¾-3¾ore pm	5.02	15½-13½ pm	5.11
France	9.56-9.70	9.56½-9.57½	2½-1½c pm	2.51	6-5 pm	2.22
Sweden	9.47-9.65	9.47-9.49	2ore pm-par	1.27	4-2 pm	1.26
Japan	488-500	486-488	4.15-3.80y pm	9.79	10.85-10.5pm	10.67
Austria	30.20-30.95	30.24-30.34	22-12gro pm	6.73	58-48 pm	6.99
Switz.	3.72-3.83	3.73-3.74	3¾-2¾c pm	10.44	12⅞-11⅞ pm	13.25

Belgian rate is for convertible francs. Financial franc 68.40-68.40c pm. Six-month forward dollar 3.38-3.28c pm; 12-month 5.50-5.40c pm.

THE DOLLAR SPOT AND FORWARD

July 31	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.2470-2.2945	2.2470-2.2490	0.78-0.68c pm	3.90	1.92-1.82 pm	3.33
Ireland†	2.0375-2.0480	2.0400-2.0450	1.25-1.05c pm	6.73	3.15-2.90 pm	5.90
Canada†	85.60-85.89	85.60-85.63	0.06-0.04c pm	0.70	0.08-0.05 pm	0.30
Nethlnd.	2.0160-2.0210	2.0160-2.0180	0.43-0.38c pm	2.40	1.08-0.98 pm	2.04
Belgium	29.28-29.39	29.28-29.30	1-2¼c dis	−0.71	3-6 dis	−0.61
Denmark	5.2825-5.2900	5.2875-5.2900	1.00-1.50ore dis	−2.83	5.25-5.75dis	−4.15
W. Ger.	1.8330-1.8395	1.8330-1.8340	0.84-0.74pf pm	5.16	2.24-2.14 pm	4.77
Portugal	48.80-49.40	49.10-49.30	38-48c dis	−10.48	95-140 dis	−9.55
Spain	66.05-66.17	66.05-66.10	175-205c dis	−34.49	400-430 dis	25.11
Italy	820.00-822.80	820.00-821.00	3.00-3.75lire dis	−4.94	9.5-10.5 dis	−4.87
Norway	5.0440-5.0480	5.0470-5.0480	0.85-0.35ore pm	1.42	2.45-1.95 pm	1.74
France	4.2600-4.2790	4.2600-4.2625	0.25-0.35c dis	−0.84	0.90-1.05dis	−0.91
Sweden	4.2065-4.2090	4.2080-4.2090	0.40-0.60ore dis	−1.42	1.70-1.90dis	−1.71
Japan	216.60-217.48	216.80-216.90	1.10-0.95y pm	5.67	2.90-2.75 pm	5.21
Austria	13.46-13.48	13.46-13.47	5.20-4.70gro pm	4.41	13.50-12.00pm	3.78
Switz.	1.6610-1.6635	1.6610-1.6620	1.33-1.28c pm	9.42	4.05-4.00 pm	9.69

†UK, Ireland and Canada are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

July 31	Bank of England Index	Morgan Guaranty changes %
Sterling	72.1	−33.6
U.S. dollar	84.6	−8.8
Canadian dollar	80.5	−17.2
Austrian schilling	147.1	+18.8
Belgian franc	114.2	+15.5
Danish kroner	115.5	+2.2
Deutsche Mark	151.4	+42.2
Swiss franc	196.8	+81.1
Guilder	123.2	+18.5
French franc	98.9	−7.2
Lira	55.2	−48.9
Yen	151.9	+30.6

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

July 30	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.563137	0.600641
U.S. $	10	1.30631	1.39319
Canadian $	11¼	1.52564	1.62905
Austria Sch.	3¾	17.5046	18.6617
Belgian F.	9	38.1051	40.6149
Danish K.	9	6.85356	7.32050
D mark	5	2.38428	2.54187
Guilder	8	2.62046	2.79264
French Fr.	9½	5.54659	5.91408
Lira	10½	1069.21	1140.32
Yen	5¼	282.294	301.277
Nrwgn. K.	7	6.56421	7.00007
Spanish Pes.	8	86.2321	91.9852
Swedish Kr.	7	5.47475	5.84330
Swiss Fr.	1	2.15757	2.30015

OTHER MARKETS

July 31	£	$		£ Note Rates
Argentina Peso	3083-3193	1370-1380	Austria	30-31
Australia Dollar	1.9985-2.0025	0.8800-0.8900	Belgium	68.5-70.0
Brazil Cruzeiro	58.41-59.41	26.00-26.40	Denmark	11.90-12.00
Finland Markka	8.64-8.66	3.8355-3.8375	France	9.60-9.75
Greek Drachma	85.892-86.891	37.70-38.30	Germany	4.10-4.20
Hong Kong Dollar	11.645-11.670	5.1570-5.1620	Italy	1,850-1,900
Iran Rial	162.144-168.90	72-75	Japan	495-505
Kuwait Dinar (KD)	0.624-0.634	0.2755-0.2757	Netherlands	4.50-4.60
Luxembourg Frc.	65.85-66.05	29.28-29.34	Norway	11.45-11.60
Malaysia Dollar	4.8725-4.8950	2.1630-2.1640	Portugal	107-110
New Zealand Dlr.	2.2290-2.2350	0.9900-0.9940	Spain	148-152
Saudi Arab. Riyal	7.61-7.73	3.3640-3.3655	Switzerland	3.70-3.80
Singapore Dollar	4.8725-4.8950	2.1615-2.1625	United States	2.255-2.27
Sth. African Rand	1.8890-1.8990	0.8400-0.8445	Yugoslavia	44.6-46.5

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU July 31	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.4582	40.5768	+2.83	+1.24	±1.53
Danish Krone	7.08592	7.30148	+2.04	+1.45	±1.635
German D-Mark	2.51064	2.53885	+1.14	−0.45	±1.1325
French Franc	5.79831	5.90654	+1.87	+0.27	±1.35
Dutch Guilder	2.72077	2.78789	+2.46	+0.87	±1.5075
Irish Punt	0.662638	0.675041	+1.87	+0.28	±1.665
Italian Lira	1148.15	1136.88	−0.98	−0.98	±4.0725

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

July 31	Pound Sterling	U.S. Dollar	Deutschemark	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.248	4.123	487.0	9.570	3.735	4.525	1845.	2.628	65.95
U.S. Dollar	0.445	1.	1.834	216.6	4.257	1.661	2.015	819.8	1.169	29.34
Deutschemark	0.243	0.545	1.	118.1	2.321	0.906	1.098	447.1	0.637	16.00
Japanese Yen 1,000	2.053	4.616	8.465	1000.	19.65	7.669	9.292	3784.	5.396	135.4
French Franc 10	1.045	2.349	4.308	508.9	10.	3.903	4.728	1926.	2.746	68.91
Swiss Franc	0.268	0.602	1.104	130.4	2.562	1.	1.212	493.4	0.704	17.66
Dutch Guilder	0.221	0.497	0.910	107.6	2.115	0.825	1.	407.3	0.581	14.57
Italian Lira 1,000	0.543	1.220	2.237	264.2	5.193	2.027	2.455	1000.	1.426	35.78
Canadian Dollar	0.381	0.855	1.569	185.3	3.642	1.421	1.722	701.5	1.	25.10
Belgian Franc 100	1.516	3.409	6.251	738.4	14.51	5.665	6.861	2795.	3.985	100.00

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.80-10.90 per cent; three months 10.85-10.95 per cent; six months 10.90-11.00 per cent; one year 10.50-10.65 per cent.

July 31	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	15-15½	10⅝-10⅞	9¾-10½	8¼-8½	⅝-¾	5⅞-6⅛	11¼-11¾	13-17½	—	3⅞-5½
7 days' notice	15-15½	10¾-11	9¾-10½	8¼-8½	¾-⅞	5⅞-6⅛	11¼-11¾	14½-15½	10⅞-11	5-6⅛
Month	14⅝-15	10⅞-11⅛	11⅛-11⅜	8⅝-8⅞	1⅛-1⅜	6⅛-6¼	11¾-12	15-16	11-11⅛	5⅞-6
three months	14⅝-15	11⅛-11⅜	11⅛-11⅜	9⅛-9⅜	1½-1⅝	6⅛-6⅜	12-12¼	15¼-16¼	11⅛-11¼	5⅞-6⅛
six months	14¼-14⅝	11⅛-11⅜	11⅛-11⅜	9⅝-9⅞	2⅛-2⅜	6⅞-7	12¼-12½	15½-16½	11⅛-11¼	6¼-6½
one year	13½-13⅞	10¾-11	10⅝-11	9⅝-9⅞	2⅝-2¾	6⅞-7	12¼-12½	15-16	10⅞-10⅞	5⅞-6⅛

Long-term Eurodollar: two years 10⅝-10⅞ per cent; three years 10⅝-10⅞ per cent; four years 10⅝-10⅞ per cent; five years 10-10¼ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL CAPITAL MARKETS

New York Fed adds reserves

The New York Federal Reserve Bank injected liquidity into the market yesterday by making overnight repurchase agreements. Federal funds were trading at 10⅞ per cent at the time, and uncertainty still remained as to the likely Fed target rate.

Treasury bill rates were little changed in early trading, with 13-week bills at 9.15 per cent compared with 9.154 per cent at Monday's auction and 9.26 per cent for 26-week bills against 9.301 per cent.

FRANKFURT — Interbank money rates were generally firmer yesterday with call money at 6.10-6.20 per cent against 6.00-6.10 per cent and one-month money rising to 6.40-6.50 per cent from 6.30-6.50 per cent. The three-month rate was quoted at 6.90-7.00 per cent compared with 6.80-7.00 per cent, six-month at 7.20-7.30 per cent from 7.20-7.40 per cent, and 12-month 7.45-7.55 per cent from 7.40-7.60 per cent previously.

BRUSSELS — Deposit rates for the Belgian franc (commercial) were unchanged for one-month at 12½-12¾ per cent, but rose from 12-12½ per cent to 12⅛-12⅜ per cent for three-month deposits and to 11⅝-11⅞ per cent from 11¼-11½ per cent for six-month. The 12-month rate was also firmer at 10⅞-10⅞ per cent compared with 10¼-10½ per cent previously.

PARIS — Call money rose to 10⅜ per cent yesterday compared with 10⅛ per cent on Monday, while longer term rates were unchanged.

HONG KONG — Conditions in the money market were generally steady, with call money at 9½ per cent and overnight business dealt at 9½ per cent.

GOLD

Slight fall

Trading in the London bullion market remained very volatile yesterday, and gold closed $2¼ an ounce down at $298½-299½. After Monday's sharp fall, the metal opened at $294½-295½ with a low of $294½-295. These lower levels attracted a good deal of interest and through the day gold rose over $4. However trading remained very volatile and reflected the current uncertainty in foreign exchange markets.

In Paris the 12½ kilo bar was fixed at Fr 43,200 per kilo ($314.37 per ounce) compared with Fr 43,600 ($315.12) in the morning and Fr 43,900 ($321.57) on Monday afternoon.

	July 31	July 30
Gold Bullion (fine ounce)		
Close	$298½-299¼ (£132.2-132.5)	$300¾-301½ (£128.7-130.2)
Opening	$294½-295¼ (£128.4-128.6)	$305-305¾ (£131.8-132.0)
Morning fixing	$295.35 (£129.426)	$304.65 (£131.332)
Afternoon fixing	$296.45 (£130.883)	$301.40 (£129.869)
Gold Coins, domestically		
Krugerrand	$308¼-310¼ (£136-137)	$311¾-313¾ (£134-135)
New Sovereigns	$77-79 (£34-35)	$79½-81½ (£33¾-34¾)
Old Sovereigns	$102-104 (£45-46)	$106½-108½ (£45½-46½)
Gold Coins, internationally		
Krugerrand	$308¼-310¼ (£136-137)	$311¾-313¾ (£134-135)
New Sovereigns	$77-79 (£34-35)	$79½-81½ (£33¾-34¾)
Old Sovereigns	$102-104 (£45-46)	$106½-108½ (£45½-46½)
$20 Eagles	$417-422	$421-426
$10 Eagles	$233-238	$237-242
$5 Eagles	$173-178	$177-182

UK MONEY MARKET

Moderate help

Bank of England Minimum Lending Rate 14 per cent (since June 12, 1979)

Day-to-day credit was in short supply in the London money market yesterday, and the authorities gave assistance by buying a small amount of Treasury bills and a small number of corporation bills. This was in addition to lending a small amount to one or two houses at MLR for repayment today. Total assistance was termed as moderate. Discount houses were paying 13½-13¾ per cent for secured call loans at the start, and closing balances were taken down to 13 per cent.

The market was faced with a small net take up of Treasury bills to finance, with moderate funds also drained in respect of end-of-month oil payments. On the other hand banks brought forward balances a little away above target and there was a moderate excess of Government disbursements over revenue transfers to the Exchequer.

In the interbank market, overnight loans opened at 13¾-14¼ per cent and rose on the forecast to 14-14¼ per cent before easing slightly to 13¾-14 per cent, where a lot of business was seen. During the afternoon rates tended to ease, with closing balances taken between 12 per cent and 13 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

July 31 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills Φ	Eligible Bank Bills Φ	Fine Trade Bills Φ
Overnight	—	12-14¼	—	—	—	14⅝	13-14	—	—	—
2 days notice	—	—	14¼-14½	—	—	—	—	—	—	—
7 days or 7 days notice	—	14⅛-14¼	14⅜-14½	—	14¾	14⅝	13⅞	—	—	—
One month	14⅞-14⅛	14¼-14⅝	14⅛-14¼	14⅞-14⅝	14¾	14⅝	13⅞	13¾	14¼	14½
Two months	[illegible]	14¼-14⅝	—	14½-14¼	14¾	—	13⅞	13⅞	14⅛	14⅝
Three months	14⅛-14	14¼-14⅛	14-14¼	14⅛-13⅞	14¾	14⅛	13¾	13⅝	13⅞-13⅞	14¼
Six months	13⅞-13¾	13⅞-14⅛	13⅞-13¾	13⅝-13⅛	14⅜	—	—	—	13⅞-13⅛	13¾
Nine months	13⅞-13½	13⅝-13½	—	13¼-13½	13¾	—	—	—	—	—
One year	[illegible]	13-13⅝	12⅞-13	13-12¾	13½	—	—	—	—	—
Two years	[illegible]	—	12¾-13	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 12⅞-13 per cent; four years 12⅞-13 per cent; five years 12⅞-13 per cent. Φ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13⅞-13⅞ per cent; four-month trade bills 14 per cent.

Approximate selling rate for one-month Treasury bills 13⅞ per cent; two-month 13 17/64-13⅞ per cent; three-month 13⅞-13⅞ per cent. Approximate rates for one-month bank bills 14⅛ per cent; two-month 14 per cent; and three-month 13⅞ per cent; one-month trade bills 14⅛ per cent; two-month 14¼ per cent; and three-month 14⅛ per cent.

Finance House Base Rate (published by the Finance Houses Association) 14 per cent from August 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 13.3459 per cent.

MONEY RATES

NEW YORK

Prime Rate	11.5-11.75
Fed Funds	10.8125
Treasury Bills (13-week)	9.15
Treasury Bills (26-week)	9.26

GERMANY

Discount Rate	5
Overnight Rate	6.15
One month	6.45
Three months	6.95
Six months	7.25

FRANCE

Discount Rate	9.5
Overnight Rate	10.50
One month	10.5625
Three months	10.6875
Six months	10.8125

JAPAN

Discount Rate	5.25
Call (Unconditional)	6.5625
Bills Discount (three-month)	7.0625

NORTH AMERICAN NEWS

Flintkote agrees to $375m offer

STAMFORD — Flintkote the building materials group and Kohlberg Kravis Roberts (KKR) *have agreed in principle for a* group of investors, through a corporation to be organised by KKR, to acquire Flintkote for $52 a share cash.

At June 30, Flintkote had about 7.2m shares of common outstanding which puts an immediate value of $374.4m on the bid. An additional 146,500 shares are issuable on conversion of Flintkote's outstanding convertible preferred stock.

The acquisition is subject to arrangement of necessary financing and disposition of certain assets by Flintkotes.

Flintkote said KKR has had a favourable preliminary indication from a major financial institution that it would provide a significant portion of the financing.

The transaction is also subject to completion of a definitive agreement, filings with regulatory bodies, and approval of the agreement by Flintkote's Board and shareholders.

KKR will receive certain minimum *fees from* Flintkote which will be reimbursed by the investor group on completion of *the transaction.*

Flintkote makes basic materials and products for the building and construction industries *in the U.S. and Canada.*

KKR is a New York-based investment firm which, with affiliates, is a principal investor in a number of industrial companies.

A group headed by KKR recently completed the acquisition of Houdaille Industries for about $350m.

Agencies

Further cutbacks may hit Liggett's second half profit

BY OUR FINANCIAL STAFF

SECOND QUARTER net income of the cigarettes, tobacco, drinks and pet food concern Liggett Group were hurt by an after-tax charge of $3.6m or 42 cents a share as a result of cutbacks associated with a planned consolidation of the group's domestic cigarette operations. The company said that additional charges *to future earnings may* result if further reductions are necessary.

The group's net income shows a decline from $23.8m or $2.58 a share to $7.33m or 83 cents a share, on sales of $276m against $257.7m. But this picture is distorted by the sale of the foreign cigarette business last year.

Second quarter earnings for 1978 included an after-tax gain of $30.4m or $3.34 a share from *the sale, earnings from the* business sold of $2.3m or 26 cents a share, and an after-tax charge of $17.3m or $1.91 a share for the write-down of goodwill.

Excluding these items, net earnings would have been $10.9m or $1.26 a share in the current second quarter, compared with $8.5m or 89 cents *last time.*

For the first six months, Liggett turned in net income of $19.9m or $2.29 a share compared with $33m or $3.55 a share. First half sales advanced from $482.5m to $510.1m.

Cigarette sales in the quarter continued to decline, but operating income was higher. Sales of chewing and smoking tobacco rose slightly, but operating income was lower.

Mr. Raymond J. Mulligan, president, said that sales and operating income from the company's main drinks brands were *significantly lower due to re*duced buying by the trade in resistance to price increases, but these lower results were more than offset by higher operating income from cigarettes and pet foods.

Another major tobacco company, U.S. Tobacco, had record net income from the second quarter of $7.65m or 88 cents a share compared with $6.87m or 78 cents, from sales of $56.93m against $51.75m. First half net income of $15.47m or $1.74 a share was also a record, and compared with $13.65m or $1.55 last time. Sales for the six months rose from $101.23m to $112.05m.

W. R. Grace sees sharp gain

NEW YORK—W. R. Grace, the chemicals, food, oil and paper group, expects 1979 earnings to rise as much as 20 per cent to $210m or $4.80 a share despite a $13m (or 30 cents a *share) loss from the now com*pleted sale of its Italian pasta business, according to Mr. *Charles H. Erhart, Jr., executive vice-president.*

Total sales for the year are expected to top the $5bn mark *for the first time. Sales in 1979* were $4.31bn.

Grace's 99 per cent interest in Barilla SPA, one of the world's largest pasta producers, was sold for $65m to Finbarilla, a joint Italian-Swiss holding company headed by Italian industrialist, Sig. Pietro Barilla. The Barilla family had sold the pasta company to Grace in 1971. The sale of Barilla is the last in a series of divestments of grocery products businesses.

The loss from the sale of Barilla will be reported in the third quarter, causing earnings *for the period to be "definitely down"* from last year's $43m or $1.07 a share.

Earnings projections for the *year take into account a mild* recession lasting through the fourth quarter. The specialty chemicals and natural resources businesses are expected to do well despite the economic downturn.

Grace had revised its earnings projections "slightly upward" because results for the first half were better than expected. As previously reported, earnings for the first six months of 1979 were $114.7m or $2.11 a share on sales of $2.49bn.

Earnings for the full year are expected to rise by 15 per cent to 20 per cent over last year's restated $169m or $4.01 a share and results would "probably be *more on the upside" of that* estimate and could increase by more than 20 per cent. Earnings for 1978 were restated to reflect changes in accounting for oil and gas profits and a pooling of interests from acquisitions.

AP-DJ

Asbestos loses appeal on State takeover

MONTREAL — Asbestos Corporation has lost a bid for a temporary injunction to block its possible expropriation by *the Quebec* government.

Justice Albert Mayrand of the Quebec Court of Appeals refused the injunction, citing a legal requirement that three judges preside in such a case.

Asbestos Corporation which is 54.6 per cent owned by General Dynamics, lost its bid for a permanent injunction in Superior Court last week.

It appealed to Justice Mayrand while the Full Appeals Court is adjourned for the summer. The company has said it will appeal to the Full Appeals Court when the court resumes deliberations in September.

Quebec has threatened to expropriate Asbestos Corporation if it cannot reach agreement with General Dynamics on terms of a takeover.

Reuter

Dillon share split

Dillon Companies, the retail group, pushed earnings up by 21 per cent to $33.6m, or from $1.72 to $2.08 in the year to June 30, on sales of $1.79bn against $1.47bn. A three-for-two share split and a quarterly dividend of 27 cents on the *split shares was also* announced.

Conoco spending

Conoco has increased its 1979 capital spending programme by $130m to a total of $1.5bn, compared with $1.1bn in 1978, Reuter reports from Stamford.

U.S. Steel lifts earnings but sees gloomy outlook

BY DAVID LASCELLES IN NEW YORK

U.S. STEEL, the largest U.S. steelmaker, has notched up its fifth consecutive quarterly rise in profits. Second quarter net income was $145.4m or $1.69 per share; up 24 per cent on last year's $117.3m or $1.38 a share while sales rose $700m to $3.6bn. These results brought six month earnings to $187.4m or $2.19 a share, and revenues to $6.7bn. Comparable figures for the first half of last year were $58.6m or $0.69 a share, and $5.3bn.

In the quarter, U.S. Steel produced 8.5m tons, up slightly on last year's 8.4m, and shipped 6m tons compared to the previous year's 5.4m. These shipments were the highest since the third quarter of 1974.

Mr. David Roderick, chairman, said that although U.S. Steel now had five quarterly earnings improvements behind it, return on sales and equity were still substantially below manufacturing industry averages.

Mr. Roderick also indicated that the immediate business prospects were gloomy. The steel order rate has fallen off "with no immediate signs of an upturn," he said, adding that he is concerned about the shipments level for the fourth quarter. Mr. Roderick warned that as demand softens in the second half of the year, it is even more imperative that the U.S. Anti-Dumping Laws be vigorously enforced.

INTERNATIONAL CAPITAL MARKETS

DM bond yields move lower

BY FRANCIS GHILES

THE WORLD BANK is arranging a DM 200m private placement with a bullet maturity of 10 years through Deutsche Bank. Priced at 99¼ to yield 7.20 per cent, the issue has been well received and early premarket quotes suggest it will trade at a discount of ½ to ¾ of a point.

The yield this bond offers to investors is the lowest for DM-denominated paper in at least *four months. An issue for the* Council of Europe with an average life of seven years floated last April yielded 7.25 per cent while a Megal Finance bond (average life nine years) floated last February offered 7.14 per cent.

Foreign DM bonds were firm yesterday while good demand for domestic DM issues allowed the Bundesbank to sell DM 20m worth of paper.

Prices in a quiet Swiss franc sector eased slightly. Union Bank of Switzerland has arranged a SwFr 50m six-year private placement for Golden Eagle (Curacao), a subsidiary of Ultramar. The coupon is 4¼ per cent and the bonds have been priced at par.

A SwFr 100m bond for Shikoku Electric Power Company is expected through the same bank later this week.

Prices of sterling bonds fell by up to a full point as today's fall in the UK currency encouraged selling. The 12¼ per cent FFI 89 bond closed at 98¾-9¼ yesterday. On Friday it traded at 99¾-100¼.

In the dollar sector prices were marked up by an average of 1 per cent but there was no real buying interest. Activity was also at a low level in the floating rate note sector.

Eurocurrency loan for EFIM

BY JOHN EVANS

EFIM, the Italian state holding company in the engineering and construction sectors, is raising $150m via a ten year syndication on the Eurocurrency markets. The agency has not so tapped in the Euromarkets in its own name before. The funds will be used for general capital expenditure purposes.

The credit will carry a spread of ⅞ per cent for the first two *years, ¾ for the next two years,* ⅞ for the following two years and ⅞ per cent for the last four years.

The lead managers are S. G. Warburg, Soditic and Midland Bank.

Elsewhere, one of Mexico's leading private companies, Groupo *Industrial Alfa*, is arranging $75m with a banking group headed by Bank of America, Deutsche Bank and Grindlays Bank. The ten year facility carries spreads ranging between ⅞ and 1⅛ per cent.

The Government of Fiji has awarded a mandate to Continental Illinois Limited to raise $36m. The 10 year loan reportedly carries a spread of ⅞ per cent for the first six years and ⅞ per cent for the remaining four years.

In the Middle East, Deutsche Babcock has arranged a 37m Kuwaiti dinar ($135m) medium term facility among a group of Kuwaiti banks, managed by the National Bank of Kuwait.

It is understood the loan will be used in connection with contracts awarded to the German company in the Middle East, particularly Kuwait.

AMERICAN QUARTERLIES

AMERICAN GENERAL INSURANCE

	1979 $	1978 $
Second quarter		
Revenue	470.2m	418.9m
Net profits	47.44m	37.18m
Net per share	1.92	1.58
Six months		
Revenue	913m	822.1m
Net profits	103.57m	75.46m
Net per share	4.29	3.24

ARMSTRONG CORK

	1979 $	1978 $
Second quarter		
Revenue	342.8m	330.2m
Net profits	18.1m	20.7m
Net per share	0.70	0.80
Six Months		
Revenue	688.5m	619.3m
Net profit	35m	35.1m
Net per share	1.35	1.36

BALTIMORE GAS AND ELECTRIC

	1979 $	1978 $
Second quarter		
Revenue	292.4m	219.2m
Net profits	29.9m	27.9m
Net per share	0.81	0.76
Six months		
Revenue	525.4m	488.1m
Net profits	69m	67.9m
Net per share	1.92	1.91

BORDEN INCORPORATED

	1979 $	1978 $
Second quarter		
Revenue	1.19bn	1.02bn
Net profits	36.17m	40.25m
Net per share	1.16	1.29
Six months		
Revenue	2.07bn	1.86bn
Net profits	64.43m	67.9m
Net per share	2.06	2.18

CHAMPION SPARK PLUG

	1979 $	1978 $
Second quarter		
Revenue	196.8m	152m
Net profits	13.46m	10.6m
Net per share	0.35	0.28
Six months		
Net profits	34.52m	31.31m
Net per share	0.90	0.82

DIO GIORGIO

	1979 $	1978 $
Second quarter		
Revenue	269.6m	230.7m
Net profits	3.69m	3.19m
Net per share	0.57	0.50
Six months		
Revenue	523m	445.8m
Net profits	5.74m	4.97m
Net per share	0.89	0.78

FOSTER WHEELER

	1979 $	1978 $
Second quarter		
Net profits	12.09m	10.18m
Net per share	0.72	0.62
Six Months		
Net profits	22.72m	19.97m
Net per share	1.36	1.22

GLOBAL MARINE

	1979 $	1978 $
Second quarter		
Net profits	2.76m	2.14m
Net per share	0.61	0.49
Six Months		
Net profits	5.31m	3.25m
Net per share	1.18	0.74
	1979	1978

HARSCO CORPORATION

	1979 $	1978 $
Second quarter		
Revenue	221m	206.6m
Net profits	14.2m	12.6m
Net per share	1.46	1.31
Six months		
Revenue	421.4m	390.1m
Net profits	23.4m	20.7m
Net per share	2.42	2.15

WALTER E. HELLER INTERNATIONAL

	1979 $	1978 $
Second quarter		
Revenue	143.2m	105.5m
Net profits	10.2m	6.72m
Net per share	0.83	0.73
Six months		
Revenue	277.8m	203.4m
Net profits	18.82m	16.1m
Net per share	1.55	1.34

HOBART CORPORATION

	1979 $	1978 $
Second quarter		
Revenue	162.9m	148.4m
Net profits	8.82m	8.46m
Net per share	0.78	0.74
Six months		
Revenue	308.6m	269.6m
Net profits	15.21m	12.76m
Net per share	1.33	1.12

MAPCO INCORPORATED

	1979 $	1978 $
Second quarter		
Revenue	188.1m	151.6m
Net profits	18.0m	16.2m
Net per share	0.96	0.86
Six months		
Revenue	341.8m	307.1m
Net profits	31.3m	34.1m
Net per share	1.66	1.82

NALCO CHEMICAL

	1979 $	1978 $
Second quarter		
Net profits	15.6m	13.0m
Net per share	0.78	0.66
Six months		
Net profits	30.9m	23.5m
Net per share	1.56	1.19

NORTHERN STATES POWER COMPANY

	1979 $	1978 $
Second quarter		
Revenue	229.6m	215.8m
Net profits	21.4m	16.8m
Net per share	0.71	0.57
Twelve months		
Revenue	1.01bn	951.6m
Net profits	108.2m	95.5m
Net per share	3.86	3.23

...TTON COMPANY

	1979 $	1978 $
Second quarter		
Revenue	284.8m	243.0m
Net profits	23.7m	17.1m
Net per share	1.45	1.04
Six months		
Revenue	556.0m	462.7m
Net profits	47m	31.8m
Net per share	2.87	1.94

RAMADA INNS

	1979 $	1978 $
Second quarter		
Revenue	93.1m	81.0m
Net profits	5.17m	2.17m
Net per share	0.19	0.09
Six months		
Revenue	172.6m	154.2m
Net profits	6.7m	2.96m
Net per share	0.25	0.12

ST PAUL COMPANIES

	$	$
Second quarter		
Net profits	37.26m	37.65m
Net Per Share	1.77	1.80
Six Months		
Net profits	78.47m	77
Net per share	3.72	3.[illegible]

STEEL OF CANADA

	1979 $	1978 $
Second quarter		
Revenue	535.5m	488.8m
Net profits	45.2m	34.9m
Net per share	1.88	1.30
Six Months		
Revenue	1.04bn	900.1m
Net profits	75.9m	58.3m
Net per share	2.79	2.14

SOUTHERN COMPANY

	1979 $	1978 $
Six months		
Revenue	1.44bn	1.37bn
Net profits	67.92m	73.72m
Net per share	0.47	0.54
Year		
Revenue	2.96bn	2.78bn
Net profits	185.77m	206.84m
Net per share	1.38	1.55

TEXAS GAS TRANSMISSION

	1979 $	1978 $
Second quarter		
Revenue	380.8m	284.4m
Net profits	17.70m	15.29m
Net per share	1.72	1.49
Six Months		
Revenue	787m	587.7m
Net profits	33.63m	29.97m
Net per share	3.27	2.91

TEXAS UTILITIES

	1979 $	1978 $
Second quarter		
Revenue	414.6m	362.4m
Net profits	43.35m	31.95m
Net per share	0.50	0.40
Year		
Revenue	1.7bn	1.49bn
Net profits	216.98m	184.17m
Net per share	2.62	2.41

TWENTIETH CENTURY-FOX FILM

	1979 $	1978 $
Second quarter		
Net profits	7.77m	12.48m
Net per share	0.89	1.84
Six months		
Net profits	26.86m	32.96m
Net per share	3.11	4.15

WILLIAMS COMPANIES

	1979 $	1978 $
Second quarter		
Revenue	525.6m	479m
Net profits	26.72m	11.77m
Net per share	0.98	0.43
Six months		
Revenue	947.7m	804.6m
Net profits	34.16m	10.99m
Net per share	1.25	0.40

WISCONSIN ELECTRIC POWER

	1979 $	1978 $
Second quarter		
Revenue	183.2m	164.9m
Net profits	16.25m	12.81m
Net per share	0.87	0.70
Twelve months		
Revenue	802.8m	711.9m
Net profits	66.74m	61.66m
Net per share	3.61	3.37

W. WRIGLEY JR.

	1979 $	1978 $
Second quarter		
Revenue	125.5m	113.4m
Net profits	9.13m	7.47m
Net per share	2.32	1.88
Six months		
Revenue	243.6m	208.5m
Net profits	18.24m	12.42m
Net per share	4.63	3.15

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FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on July 31

U.S. DOLLAR STRAIGHTS — Issued, Bid, Offer, Change on day, Change on week, Yield

DEUTSCHE MARK STRAIGHTS — Issued, Bid, Offer, Change on day, Change on week, Yield

SWISS FRANC STRAIGHTS — Issued, Bid, Offer, Change on day, Change on week, Yield

YEN STRAIGHTS — Issued, Bid, Offer, Change on day, Change on week, Yield

OTHER STRAIGHTS — Issued, Bid, Offer, Change on day, Change on week, Yield

FLOATING RATE NOTES — Spread, Bid, Offer, C.dte, C.cpn, C.yld

CONVERTIBLE BONDS

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Honda Motor 5½ 89	5/79	532	88½	89¼	−0¼	7.08
LPC International 8 89	9/79	35	101¼	102	+0¼	13.82
Nitto Elec. Ind. 6 94	7/79	735	82¼	83¼	−0½	1.04
Fujitsu 5 84 DM	7/79	475	99⅞	100⅞	+0¼	28.28
Kansai Elec. 4 84 DM	4/79	1350	87⅞	88⅞	+0¼	44.63
Marudai Food 3½ DM	2/79	1033	80¼	80⅞	+0¼	43.41
Nippon Yan. 3½ 85 DM	1/79	251	114¾	115¾	−2	−3.77
Nissan Diesl. 3½ 85 DM	2/79	477	83¾	84¼	+0¼	17.41
Olymp. Opt. 3½ 85 DM	2/79	703	91¼	91⅞	−0¼	−0.94
Sharp Con. 3½ 88 DM	2/79	487	86¼	86⅞	+0⅛	9.25
Tokyo Elec. 3½ 87 DM	4/79	476	88⅞	89¾	+0½	38.45
Tokyu Ld. Cp. 4 86 DM	4/79	493	82¼	83¼	−0	29.47

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Nederhorst liquidators find new owners

By Charles Batchelor in Amsterdam

THE Hollandsche Beton Group (HBG), the Dutch construction concern, has agreed to take over a *large part of the failed* Nederhorst building group. This brings an end to several months of efforts by Nederhorst's liquidators, the Economics Ministry and the unions to find purchasers for Nederhorst's building division.

Negotiations with the various purchasers for the Nederhorst companies, which had a combined turnover of nearly Fl 1bn ($500m) in 1977, are expected to bec ompleted within a few months, the Economics Ministry said. After first attempting to sell off Nederhorst's building division as a single unit Mr. Gijs Van Aardenne, the Economics Minister, decided in May that it would have to be split up.

Most of the Multibouw division, which is involved mainly *in housing construction*, will be taken over by the Van Der Vorm Baheer Group of Rotterdam while *three* of the companies will be acquired by their former owners or the present management. The larger Koninklijke Nederhorst Bouw division, employing 5,900 of the total 7,300 workforce will go to HBG.

The buyers have given guarantees to maintain employment at the companies they have acquired. The talks aimed at finding purchasers for Nederhorst, which started when the OGEM trading and construction group said it would not go ahead with the planned integration of Nederhorst, have involved most major contractors in the Netherlands as well as some abroad, including the UK Wimpey group.

OGEM and the Dutch Government first drew up a rescue plan for Nederhorst in 1975 when mounting losses threatened its existence.

● Best Stevin Construtora Ltd, owned by the Dutch construction and dredging group Best Stevin and by Gebr Van Heeswijk, has received a Fl 125m ($62m) order to build five hotels in Brazil.

The contract was awarded by Grupo Queiros Imoveis of Brazilia. The hotels, to be built in five different cities.

Renault financing

Renault unit, Ste. Financiere et Fonciere, is issuing a FFr 200m floating rate at par on the Paris bourse. The funding will carry a maturity of ten years, Reuter reports from Paris.

Matra takes major stake in telephone industry

BY DAVID WHITE IN PARIS

THE FRENCH Matra group is to take an important role in the European telephone equipment industry by acquiring control of the privately-owned Depaepe concern.

Matra, which has diversified interests in missiles, motor engineering, electronics and other high-technology sectors, has reached agreement to take a majority stake in three companies of the Depaepe group by the end of the year. The companies produce mainly telephone receivers and intercom systems, and between them control about half of the French market for receivers, ahead of the ITT subsidiary CGTT and Thomson Ericsson, the former offshoot of Ericsson of Sweden.

The Depaepe group, which had a turnover of FFr 425m ($100m) last year, is described as the leading European manufacturer in its field.

Matra gave no details of its agreement, reached in collaboration with Banque de l'Indochine et de Suez. The move marks the second stage in *Matra's effort to build* a homogeneous communications division, with a broad production and marketing base.

In May it took over Peritel, a company specialising in telephone-linked services and products such as small electronic switchboards and radiocommunications, with 1978 sales of about FFr 100m. This development ties in with a joint venture between Matra and the U.S. Harris group; Matra-Harris, set up at the beginning of this year to produce integrated circuits.

Matra expects its turnover in the communications field this year to be well over FFr 600m, compared with FFr 44m, out of total group sales of FFr 2.2bn, in 1978. It envisages developing new products in the sector, including communications facilities for space programmes, in which it is already active.

The *Matra* parent company has up to now had an experimental communications division, producing prototype models for mechanised telephone and postal systems, videophones, telecopiers and the like but without a major manufacturing base.

The three companies, Constructions Telephoniques Depaepe, Societe Industrielle Depaepe and Societe des Telephones Picart Lebas, employ about 3,000 people in factories concentrated mostly in Brittany. Another French group, Societe Anonyme des Telecommunications, had also shown interest in taking over the family-held Depaepe interests.

Strike hits Aer Lingus earnings

BY STEWART DALBY IN DUBLIN

AER LINGUS, the Irish state owned airline earned a net profit of IR£4.02m ($8.26m) in the year ended March 1979 after charging depreciation of IR£7.09m and interest of IR£3.38m.

The results mean that despite higher turnover (IR£190m) there has been a drop in net profits since 1977-1978 when the figure achieved was £4.62m in sterling. Given the appreciation in sterling against the Irish punt the profit shortfall is even greater.

Presenting the annual general report yesterday, Mr. Patrick Hayes, chairman, said that while the net profits might appear reasonably satisfactory a 54 day strike early in 1978 had prevented the airline from reaching the much higher level of profit it needed and which it could have managed.

Had it not been for the strike—which consisted mostly of groundstaff — the net profit would have been closer to £8m in sterling. Losses seem to have occurred on the Atlantic route last year despite the fact the airline carried a record number of 2.5m passengers which was an increase of 11 per cent over the previous year.

According to the chief executive it now seems impossible to avoid losses on year round operations between Ireland and North America even with a record passenger load factor of 70 per cent. Moreover, the outlook for the current year is clouded by higher fuel costs.

The airline is budgeting for a rise of around a quarter in revenue for the current year to IR£225m following solid traffic performances on almost all routes. But since March 1979, fuel costs had risen by 70 per cent—giving Aer Lingus cause for serious concern.

Pirelli gets go-ahead for restructuring programme

BY PAUL BETTS IN ROME

THE ITALIAN interministerial Committee for Industrial Planning gave the go-ahead yesterday to a L65bn ($7.9m) financial restructuring programme for Industrie Pirelli, the Italian operating company in the Dunlop-Pirelli Union.

The operation will involve the increase of the company's capital from L108bn to L173bn and the consolidation of some L100bn of Industrie Pirelli's debts at an interest rate of about 7.5 per cent.

The capital increase will see the injection of some L40bn from a consortium of leading Italian banks led by the Milan-based medium term credit institute, Mediobanca. The balance of L25bn will be subscribed by Pirelli.

This is a variation on the original financial restructuring proposals for Industrie Pirelli which envisaged an increase of the company's capital to L163bn or L10bn less than in the revised plan.

Norwegian chemical group lifts profit

By Fay Gjester in Oslo

DYNO INDUSTRIER, Norwegian manufacturers of chemicals and explosives, reports higher turnover and slightly improved profits during the first half of this year. Turnover increased by NKr 104m to NKr 729m ($146m), though more than half the rise reflected the acquisition of new companies. Export sales rose more sharply than sales to the *Norwegian market*.

Advance by Sumitomo Metal

TOKYO — Sumitomo Metal Industries, the Japanese steel concern, raised its consolidated net income by 165 per cent in the year to March 31, to Y17.17bn ($80m), from Y6.47bn the previous year. Sales rose to Y1,070bn ($5bn), from Y1,010bn.

Sumitomo attributed the better performance to a sharp recovery in steel prices on domestic and overseas markets, offsetting exchange losses stemming from the yen's appreciation against the U.S. dollar.

The company is unable to predict its consolidated business result for the current year, because of uncertain factors including crude oil price increases, foreign exchange fluctuations, and a higher official discount rate in Japan.

But the company expects income before tax and special items in the first-half, up to September 30 to come to at least Y40bn, compared with Y35.67bn in the whole 1978 business year.

Reuter

Premium income up at Harel

By L. Daniel in Tel Aviv

HAREL, the Israeli insurance *company which hitherto has* concentrated entirely on life business, reports that it increased its premium income in 1978 by 130 per cent to I£35.6m ($1.4m) and expects a similar growth rate this year.

Profits from life insurance business increased by 115 per cent to I£1m last year, and its overall after-tax profit by 235 per cent to I£6.2m helped by investment income.

Domestic sales lift Matsushita

BY YOKO SHIBATA IN TOKYO

MATSUSHITA Electric Industrial, the world's largest manufacturer of consumer electronic and electric products, raised its consolidated net profits by 4 per cent to Y24.59bn ($114m) in the second quarter, on sales up 7 per cent to Y576.64bn ($2.7bn). The totals are records for any quarter. Share profits were Y21.1, against Y20.3 in the second quarter of the previous year.

The gain in profits and sales was chiefly the result of brisk domestic sales of high value-added products which more or less covered a substantial decline in exports, of 10 per cent to Y130,810m.

Consolidated net profits for the first six months, to May 20, gained 4 per cent to Y44.04bn on consolidated sales of Y1.105bn, up 7 per cent over a year earlier. Per share profit for the first six months were Y37.8, compared with Y36.5.

A sizeable gain in exports of video tape recorders (VTR) failed to offset the drop in colour television set shipments, brought about by intensified trade restrictions and currency fluctuations.

Exports in the first six months dropped by 10 per cent to Y256.53bn, despite strengthening production of parts and products for its 29 overseas manufacturing companies. Only four overseas sales and manufacturing subsidiaries were included in Matsushita's consolidated results.

The number of consolidated companies increased to *120*, from 116 a year ago including 101 domestic consumer sales companies.

It was announced in late June that Matsushita had raised net profits at the parent company level in the first half by 17 per cent to Y30.84bn, on sales up 7.2 per cent to Y806.02bn.

Setback for SAAN

BY JIM JONES IN JOHANNESBURG

SOUTH AFRICAN Associated Newspapers (SAAN) — the publisher of the Rand Daily Mail, Financial Mail, and Sunday Times—has seen its first half results set back by a com*bination of fuel, labour and* newsprint cost increases. In the six months to June 30 operating profits fell 39.4 per cent to R611,000 ($727,000), from R1.01m in the same period last year. This arose despite higher advertising revenue, which was the main contributor to an overall revenue increase.

Mr. Clive Kinsley, the managing director, expects enhanced advertising revenue in the second six months' trading period, with a resulting profit improvement. But although cover prices of the group's daily newspapers have been increased, thereby offsetting, to an extent, higher distribution *and newsprint costs*, the management has maintained the interim dividend at 8 cents, from earnings of 24 cents, against 1978 first-half earnings of 36.5 cents.

Last year, on second half earnings per share of 74.8 cents, an unchanged 25 cents final dividend was paid. With this year's unchanged interim dividend Johannesburg analysts feel that the final pay-out will be maintained

Cheung Kong forecasts upturn

BY PHILIP BOWRING IN HONG KONG

CHEUNG KONG (Holdings) a major Hong Kong property development group, reported a decline in first half profits, but forecast a significant increase for the full year. Because of a low completion rate, first-half earnings were only HK$38.34m (US$7.4m), against HK$79.02m a year earlier.

A rash of completions in the second-half, it said, would boost recurrent full-year earnings to not less than HK$200m, against HK$132.6m in 1978. In addition, *Cheung Kong made* extraordinary gains of HK$136.2m in the first-half, a period when the property market remained very buoyant, compared with HK$50.5m in the same period of 1978.

The interim dividend reflects the confidence about the outcome for the year as a whole. It will be 18 cents, against 15 cents, on capital increased by a one-for-five bonus issue.

Meanwhile, Green Island Cement, a Cheung Kong associate and Hong Kong's sole *cement manufacturer*, was another beneficiary of the property and building boom. Its first-half profit more than doubled to HK$43.9m, from HK$18.9m, before extraordinary gains of HK$0.8m, against HK$3.4m. An interim dividend of 60 cents was recommended, three times the year earlier level—on capital increased by a one-for-five scrip issue.

Green Island expects the second-half to be even better than the first, pointing to a total of around HK$100m for *the year against HK$43.6m*

Decline in interest rates aids Mitsubishi

By Richard C. Hanson in Tokyo

MITSUBISHI CORPORATION, Japan's largest trading company, raised its consolidated net income in the year to March 31 by *6.7 per cent to Y23.7bn* ($110m), but total trading transactions dipped 4.9 per cent to Y9,276bn ($43bn). The increase in income was mainly the result of a decline in net interest expense and in provisions for doubtful receivables.

Like the other major trading companies, Mitsubishi has been hit by a shinkage in export and import business. Imports were down *12.6* per cent and exports 7.7 per cent, while business outside Japan was off 4.9 per cent.

Domestic sales increased slightly in volume and relative importance—up 0.8 per cent to 47.2 per cent of the total, from 44.5 per cent the previous year.

Most major product categories showed declines, with machinery (18.1 per cent of the total) down 2.4 per cent, fuels down 15.1 per cent (for a 15.9 per cent share) and foods off 2.5 per cent (14.8 per cent).

The drop in business arose principally from the falling value of the dollar against the yen over most of the fiscal year. Conversely, the subsequent decline in the value of the yen since late 1978 cut the margin of the sales drop.

Sales this year will probably rise to about the Y10,000bn level as a result of the depreciation of the yen.

Officials at the company, however, are predicting cautiously that overall net income will remain at last year's level.

On a non-consolidated basis, trading transactions declined 5.2 per cent to Y8,300bn—the second annual decline in a row—while net profit was up only a fraction to Y16.1bn.

Yen CD issue rise in June

TOKYO — Japanese banks belonging to the Federation of Bankers Associations issued yen-based negotiable certificates of deposits totalling Y250.50bn in June, increasing their outstanding balance of CD issues to Y707.90bn (equivalent to $3.3bn), the Bank of Japan announced.

Of the total, City banks issued Y114.30bn, to increase their outstanding balance to Y433.10bn, local banks Y94.50bn, to Y158.20bn, trust banks Y16.20bn, to Y73.20bn, and long-term credit banks Y25.50bn, to Y43.40bn.

Reuter

Wall St. improves 4.5 in active early trade

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—24¼% (23¾%)
Effective $2.2480—7⅝% (9¾%)

WITH BLUE CHIP and Glamour stocks extending the late rally which developed on Monday, the Wall Street stock market mainly improved in active early dealings yesterday.

The Dow Jones Industrial Average put on 4.52 to 843.26 at 1 pm, while the NYSE All Common Index gained 26 cents to $59.05 and advances outnumbered declines by a nine-to-four margin. Trading volume was up sharply to 24.25m shares at 1 pm.

Closing prices and market reports were not available for this edition.

Analysts said the market's improved tone reflected hopes that Federal Reserve chairman designate Paul A. Volcker will take a stronger stand against inflation. The dollar continued to firm as gold remained under pressure, giving further support to the stock market.

The Commerce Department reported that the June index of leading economic indicators declined a modest 0.1 per cent after a revised 0.3 per cent rise in May. Analysts said the *figures contained no surprises.*

Among the most active issues, **American Telephone** hardened ¼ to $57¼ and **IBM** ⅛ to $69⅞. *Du Pont* gained ¼ to $40⅜, **General Electric** ⅜ to $51⅞ and **Eastman Kodak** ⅛ to $53⅛.

Johns-Manville picked up ⅜ to $26⅜ on stating that second-quarter operating profit rose eight per cent.

Previously it had announced a decline in second-quarter net income.

Chrysler, however, slipped ⅛ *to $8⅞. It reported a $207m* second-quarter loss and said red ink in the third quarter will be substantial. **U.S. Steel** announced improved second-quarter profits but eased ¼ to $23⅞.

Flintkote lost $1 to $47½ after Monday's rise of 4⅞. The company said that it has agreed to a take-over by a newly-formed company at a price of $52 a share.

Financial shares continued to strengthen. **Chemical New York** added ⅜ at $42⅛ and **MGIC Investment** $2 at $28⅛.

THE AMERICAN SE Market Value Index contrasted with a loss of 0.41 at 196.89 at 1 pm after volume of 2.56m shares, although gains on the exchange outscored falls by better than a five-to-four ratio.

Energy shares were weak. Among the actives, **Dome Petroleum** lost $2 to $38⅝ and *Canadian Superior Oil* $1 to $119. **Husky** and **Total Petroleum (North America)** both reported higher first-half *profits but Total* shed ⅜ to $21⅛ and **Husky** ⅞ to $49⅛.

Canada

Markets remained in easier mood yesterday morning in a fair business. The Toronto Composite Index relinquished 6.2 more to 1,561.9 at noon, while Golds fell 35.5 to 1,778.9 and Oils and Gas 31.4 to 2,716.1.

Cadillac Fairview, despite improved results, slipped ⅜ to C$16⅜.

Tokyo

With Shipbuildings, Oils and Trading Houses leading the way, the market mainly moved ahead in active dealings.

The Nikkei-Dow Jones Average closed 38.46 stronger at 6,313.77 and the Tokyo SE index advanced 1.96 to 445.01, while volume reached *450m shares* (310m).

Brokers said Shipbuilding stocks have ben bought by major Securities Houses in recent sessions along with Oils on speculation that their earnings will improve. They explained that Japanese shipbuilders are also manufacturing oil exploration and coal-fired electric power station equipment, adding that demand for such equipment will *certainly strengthen* as oil development becomes more active.

Shipbuildings were spurred on *by increased* domestic and foreign buying orders, with **Mitsui Engineering and Shipbuilding** adding Y10 at Y204, **Mitsubishi Heav Industries** Y4 at Y170 and **Ishikawajima-Harima** Y3 at Y135.

Mitsubishi Oil climbed Y29 to Y379, **Nippon Oil** Y40 to Y1,670 and **Maruzen Oil** Y22 to Y379, while Trading Houses had **Mitsubishi Corporation** Y21 higher at Y546.

Some stocks related to public works projects, such as **Goyo Construction**, gained ground, but most Light Electricals and Vehicles declined, **Sony** losing Y20 to Y1,870 and **Honda Motors** Y6 to Y523.

Hong Kong

Fresh local profit-taking at the outset this morning gathered pace on unconfirmed reports that *the Government is considering* tightening bank liquidity, and stock prices reacted sharply after the market's recent advance. The Hang Seng index retreated 19.17 to 605.23.

HK Wharf fell HK$3.50 to HK$36.50, **Jardine Matheson** 50 cents to HK$12.20, **Swire Pacific "A"** 40 cents to HK$8.40, **HK Bank** 40 cents to HK$13.50, **Hutchison Whampoa** 25 cents to HK$5.30, **HK Land** 35 cents to HK$9.35, **HK Electric** 17.5 cents to HK$4.975 and **Wheelock "A"** 12.5 cents to HK$3.55. **Cheung Kong** lost 60 cents to HK$13.30, **SHK Properties** *50 cents* to HK$10.90 and **Swire Properties** 20 cents to HK$3.70.

Germany

Share prices rallied from a weaker opening to finish mixed to firmer on balance after light dealings. The Commerzbank index was finally 1.0 up on the day at 753.1.

Brokers said trading was subdued for several reasons. Some observers cited preliminary indications of a higher July inflation rate as measured by the consumer price index, while one broker said foreign investor activity had fallen off compared to last week with the better tone for the dollar. A firmer U.S. currency could make the higher interest rates in the U.S. attractive again, he added. Vacations *in many parts of Germany* have also been cited as dampening activity on securities markets.

Among Motors, **Daimler** gained DM 1.50 more, but **BMW** and **Volkswagen** shed DM 1.50 apiece.

Machine Manufacturers mainly showed little net change, but **Babcock** were down DM3.

In the Stores sector, **Karstadt** and **Kaufhof** ended unaltered, but **Horten** lost DM1.50 and **Neckermann** DM2.50. Some stock market investment letters have been warning against Stores because of a predicted fall in disposable income resulting from higher oil prices. At the same time, however, most German stores are presently holding their summer sales and positive results could boost the shares.

Krupp, in Steels, advanced *DM4 and* **Varta**, *in Electricals*, rose DM3.

Public Authority Bonds tended higher, recording fresh gains ranging to 20 pfennigs. The Bundesbank sold a nominal DM21.4m more of paper (*DM20.3m*).

Paris

Steel shares continued to improve, but most other sectors declined in a very quiet business.

Operators said the decline reflected a thin market rather than any pressure to sell, although a ne wrise in the Call Money rate to 10⅝ per cent from 10⅜ was seen as a dampening factor.

Steel issues attracting fresh buying interest included **Sacilor, Saulnes, Chiers, Imetal, Creusot** and **Usinor**. Other bright exceptions were **BCT, Gle-Fonderie, BHV, TRT, Lafarge, Talcs,** and **Comptoirs Modernes.**

Elf Aquitaine receded FFr 26 to FFr 860 and **Avions Marcel Dassault Breguet Aviation** also FFr 26 to FFr 820 due to profit-taking.

Australia

Lower London metal prices and a sharp reaction in the Gold price prompted profit-taking in the Minings sector, where a fair number of stocks lost ground.

However, an encouraging report from CRA on the valuation of diamonds collected from the Ashton venture bulk sampling boosted some Diamond stocks near the close, although it came too late to really affect trading.

CRA gained 6 cents to A$3.38 and **Ashton Mining** 5 cents to A$1.15, but another partner in the venture, **Northern Mining**, closed 5 cents down at A$1.25. Among other Diamond Exploration issues, **Carr Boyd** put on 2 cents to 42 cents, but **Haoma** were off 2 cents at 50 cents.

In the depressed Golds sector, **Central Norseman** retreated A$3.30 to A$31.50, **GMK** 8 cents to A$1.58, **Peko-Wallsend** also 8 cents to A$5.40 and **Poseidon** 7 cents to 96 cents.

Coal Mining shares were further unsettled by news of a profits setback by **Oakbridge**, which receded 6 cents to A$1.41.

Oils perked up near the close *on indications of liquid hydrocarbons* in the Bruce Well of a *consortium of small companies* led by **Stirling Petroleum.**

Industrials had a slack day and finished on a mixed note. **Associated Pulp and Paper**, A$1.98, and **CSR**, A$3.52, provided bright spots with gains of 6 cents apiece. Retailers **Waltons**, in contrast, declined 6 cents to 68 cents now that the Melbourne group has finished its equity purchases and pulled out of the market.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
◆ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. $ Price at time of suspension. *a* Florins. *b* Schillings. *c* Cents. *d* Dividend after pending rights and/or scrip issue. *e* Per share. *f* Francs. *g* Gross div. % *h* Assumed dividend after scrip and/or rights issue. *k* After local taxes. *m* % tax free. *n* Francs including Unilac div. *p* Nom. *q* Share split. *s* Div. and yield exclude special payment. *t* Indicated div. *u* Unofficial trading. *v* Minority holders only. *y* Merger pending. * Asked. † Bid. § Trade. ‡ Seller. *z* Assumed. *xr* Ex rights. *xd* Ex dividend. *xc* Ex scrip issue. *xa* Ex all. Δ Interim since increased.

NEW YORK

CANADA

† Bid. ‡ Asked. § Traded. || New stock.

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS 1675
C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	14 %
Allied Irish Bank Ltd.	14 %
Amro Bank	14 %
American Express Bk.	14 %
A P Bank Ltd.	14 %
Henry Ansbacher	14 %
Associates Cap. Corp.	14 %
Banco de Bilbao	14 %
Bank of Credit & Cmce.	14 %
Bank of Cyprus	14 %
Bank of N.S.W.	14 %
Banque Belge Ltd.	14 %
Banque du Rhone et de la Tamise S.A.	14½ %
Barclays Bank	14 %
Bremar Holdings Ltd.	15 %
Brit. Bank of Mid. East	14 %
■ Brown Shipley	14 %
Canada Perm't Trust	14 %
Cayzer Ltd.	14 %
Cedar Holdings	14 %
■ Charterhouse Japhet	14 %
Choulartons	14 %
C. E. Coates	14 %
Consolidated Credits	14 %
Co-operative Bank	*14 %
Corinthian Secs.	14 %
Credit Lyonnais	14 %
The Cyprus Popular Bk.	14 %
Duncan Lawrie	14 %
Eagil Trust	14 %
English Transcont.	14 %
First Nat. Fin. Corp.	15½ %
First Nat. Secs. Ltd.	15½ %
■ Antony Gibbs	14 %
Greyhound Guaranty	14 %
Grindlays Bank	†14 %
■ Guinness Mahon	14 %
■ Hambros Bank	14 %
■ Hill Samuel	§14 %
C. Hoare & Co.	†14 %
Julian S. Hodge	15 %
Hongkong & Shanghai	14 %
Industrial Bk. of Scot.	14½ %
Keyser Ullmann	14 %
Knowsley & Co. Ltd.	15½ %
Lloyds Bank	14 %
London Mercantile	14 %
Edward Manson & Co.	15 %
Midland Bank	14 %
■ Samuel Montagu	14 %
■ Morgan Grenfell	14 %
National Westminster	14 %
Norwich General Trust	14 %
P. S. Refson & Co.	14 %
Rossminster	14 %
Ryl. Bk. Canada (Ldn.)	14 %
Schlesinger Limited	14 %
E. S. Schwab	15 %
Security Trust Co. Ltd.	15 %
Shenley Trust	16 %
Standard Chartered	14 %
Trade Dev. Bank	14 %
Trustee Savings Bank	14 %
Twentieth Century Bk.	15 %
United Bank of Kuwait	14 %
Whiteaway Laidlaw	14½ %
Williams & Glyn's	14 %
Yorkshire Bank	14 %

■ Members of the Accepting Houses Committee
* 7-day deposits 11½%, 1-month deposits 11¾%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £25,000 12% and over £25,000 12¼%.
‡ Call deposits over £1,000 11½%.
§ Demand deposits 11½%.

Indices

NEW YORK—DOW JONES

	July 30	July 27	July 26	July 25	July 24	July 23	1979 High	1979 Low	Since Compil'n High	Since Compil'n Low
◆ Industr'ls	838.74	839.78	833.79	833.51	828.79	825.51	878.72 (10/4)	807.00 (27/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	85.51	85.58	85.75	85.79	85.66	85.59	85.97 (5/7)	82.92 (8/5)	—	—
Transport	252.09	251.70	250.88	250.73	247.86	247.52	252.09 (30/7)	205.78 (27/2)	279.88 (7/2/69)	12.23 (8/7/32)
Utilities	108.02	108.15	108.15	107.98	107.34	107.51	108.29 (10/7)	98.51 (15/5)	165.32 (20/4/69)	10.58 (28/4/42)
Trading Vol 000's	28,880	27,900	32,570	34,950	29,700	28,969	—	—	—	—

◆ Day's high 842.49 low 833.45

	July 27	July 20	July 13	Year ago (approx)
Ind. div. yield %	5.75	5.83	5.78	5.47

STANDARD AND POORS

	July 30	July 27	July 26	July 25	July 24	July 23	1979 High	1979 Low	Since C'mpil'tn High	Since C'mpil'tn Low
‡Indust'ls	114.07	114.85	114.08	114.16	112.90	112.81	116.88 (9/7)	107.08 (27/2)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	103.16	103.10	103.10	103.08	101.97	101.59	104.47 (9/7)	96.13 (27/2)	125.85 (11/1/73)	4.40 (1/6/32)

	July 25	July 18	July 11	Year ago (approx)
Ind. div. yield %	5.34	5.32	5.21	4.95
Ind. P/E Ratio	7.99	7.87	8.05	9.40
Lond Gov. Bond Yield	8.91	8.92	8.86	8.66

N.Y.S.E. ALL COMMON

July 30	July 27	July 26	July 25	1979 High	1979 Low
58.79	58.73	58.56	58.52	59.32 (9/7)	53.88 (27/2)

Rises and Falls	July 30	July 27	July 26
Issues Traded	1,868	1,851	1,844
Rises	757	772	783
Falls	681	578	608
Unchanged	427	501	453
New Highs	83	67	72
New Lows	8	7	4

MONTREAL	July 30	July 27	July 26	July 25	1979 High	1979 Low
Industrial	264.56	265.06	264.16	260.81	279.13 (22/6)	218.13 (2/1)
Combined	264.31	265.84	264.21	261.52	275.15 (25/6)	225.88 (2/1)
TORONTO Composite	1568.1	1578.0	1570.6	1558.8	1618.6 (28/6)	1315.8 (2/1)
JOHANNESBURG Gold	298.0	297.1	297.8	297.5	308.4 (25/6)	222.4 (17/4)
JOHANNESBURG Industrial	515.5	515.7	512.4	511.9	558.0 (25/6)	270.5 (2/1)

	July 31	Previous	1979 High	1979 Low
Australia (¶)	580.12	581.22	597.68 (19/3)	545.72 (2/1)
Belgium (‖)	106.20	107.08	109.00 (5/7)	98.80 (3/1)
Denmark (**)	96.09	96.49	97.46 (25/7)	88.32 (8/1)
France (††)	86.6	87.1	87.3 (11/7)	71.6 (15/2)
Germany (‡‡)	788.1	782.1	839.6 (16/1)	719.4 (7/6)
Holland (§§)	74.0	74.8	85.9 (24/1)	71.3 (7/6)
Hong Kong	605.23	624.40	624.40 (30/7)	493.83 (2/1)
Italy (‖‖)	81.68	83.48	85.43 (30/7)	68.38 (2/1)
Japan (*a*)	445.01	443.05	462.97 (31/1)	435.13 (13/7)
Singapore (*b*)	394.19	395.86	404.13 (25/6)	346.34 (2/1)

	July 31	Previous	1979 high	1979 Low
Spain (*d*)	94.87	(*c*)	111.96 (6/4)	91.42 (15/2)
Sweden (*e*)	384.84	386.11	401.34 (5/2)	338.38 (25/6)
Switzerld (*f*)	314.7	314.1	329.1 (2/5)	294.0 (5/1)

Indices and base dates (all base values 100 except NYSE All Common—50; Standards and Poors—10; and Toronto 300—1,000; the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. *a* Tokyo New SE 4/1/68. *b* Straits Times 1966. *c* Closed. *d* Madrid SE 29/12/78. *e* Stockholm Industrial 1/1/58. *f* Swiss Bank Corporation. *u* Unavailable.

MONDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Pan-Am. Airw'ys	1,047,700	6	+⅛
Amer. Genl. Ins.	561,600	34⅞	—
Marriott	294,200	14⅞	+⅛
Southern	282,500	13⅞	−⅛
K'fman. & Broad	272,200	8⅞	−⅛
Unitel	264,300	20⅞	+⅛
Bally Mfg.	258,500	42⅞	−1⅛
American Motors	248,700	7⅞	+⅛
Holiday Inns	245,000	19⅞	+⅛
LTV	235,300	10⅞	+⅛

GERMANY ◆

TOKYO ¶

Source Nikko Securities, Tokyo

AUSTRALIA

STOCKHOLM

OSLO

JOHANNESBURG

AMSTERDAM

BRUSSELS/LUXEMBOURG

SWITZERLAND ◆

PARIS

COPENHAGEN ♣

MILAN

VIENNA

SPAIN ♥

BRAZIL

Financial Rand U.S.$0.86¼ (Discount of 27¾%)

COMMODITIES AND AGRICULTURE

Wool price peak in Australia

FIGURES JUST released by the National Council of Wool Selling Agents of Australia show that average auction prices there in the second half of the 1978-79 season were the highest since the 1950-51 wool boom, reports AP-Dow Jones.

On average, auction prices exceeded 200 cents per kilo, for greasy wool, for the first time since the Korean war.

Total receipts were also highest since 1950-51, at more than $A1.054bn for the full season. The total value of the 3.25m bales auctioned was up by 11.5 per cent from 1977-78.

But the bales total was the lowest in 10 years due to a decline in sheep numbers. The Australian Wool Corporation has forecast that total Australian wool exports, of which auctioned supplies are only a part, should be nearly $A1.6bn for the season ended June 28.

In Sydney wool trade sources told Reuter they expected firm to dearer wool prices in the early part of the 1979-80 selling season, which begins with one-day auctions in Sydney and Fremantle today.

But the longer-term outlook is clouded by forecasts of a downturn in world economic growth they warned.

Coffee and cocoa surge higher as pound weakens

BY RICHARD MOONEY

LONDON'S LEADING "soft" commodity markets, which have been severely depressed recently, were given a dramatic shot in the arm yesterday by the sudden weakness of sterling.

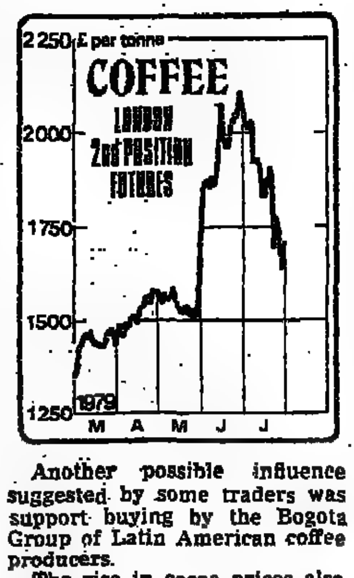
Coffee and cocoa futures prices rose sharply and significant gains were also made in world sugar and rubber.

September delivery coffee, having fallen £240 a tonne since the beginning of last week, shot up to £1,725 a tonne at one stage before ending the day 73 higher at £1,704 a tonne.

But this rise was not entirely due to the fall in the value of the pound.

Reports that a ship was blocking the Panama Canal—the main trade route for coffee from Pacific coast producers such as Colombia, Peru, Ecuador and El Salvador—heightened market nervousness, dealers said.

Meanwhile, trade reports from Rio de Janeiro, that Brazil's September coffee flowering had been set back by the recent cold weather, may also have encouraged the rise, though some dealers said this had been expected.



Another possible influence suggested by some traders was support buying by the Bogota Group of Latin American coffee producers.

The rise in cocoa prices also went beyond the direct effects of the weaker pound though no significant extra factors were apparent. Dealers said the early rise, reflecting sterling's fall, had sparked off the long awaited technical recovery following recent declines.

The September position on the London futures market had risen the £40 permissible daily limit by mid-afternoon and closed £73 up on the day at £1,403 a tonne.

On the raw sugar market, the October position ended the day £1.40 higher at £102.575 a tonne. This rise was encouraged, traders said, by news from New York that the U.S. House of Representatives Rules Committee was considering clearing the way for action on pending sugar legislation.

Protracted delays to the passing of the Sugar Bill have prevented U.S. ratification of the International Sugar Agreement.

Dealers said sugar prices were given an added lift by news that Venezuela withheld a buying tender today for up to 100,000 tonnes of white sugar for August-December shipment.

Natural rubber dealers said higher prices yesterday were directly due to currency factors. On the physical market, the RSS No. 1 spot quotation gained 1.25p to 58.25p a kilo and the October futures position rose 1.025p to 60.7p a kilo.

UK zinc producer cuts price

By John Edwards, Commodities Editor

BRITISH ZINC producer, AM and S Europe, yesterday confirmed a cut in its official producer price, from $845 to $780 a tonne, in line with reductions already announced by several European smelters. This means the new monthly sterling price, effective from today, will probably be around £340 a tonne.

This compares with the July price of £395, which would have been sharply cut in any event for August by the rise in the value of sterling during the past month.

AM and S Europe, as a wholly-owned subsidiary of Australian Mining and Smelting, part of the Rio Tinto Zinc group, is the first integrated zinc producer to cut its price to $780.

So far, the cut to $780 has been made by smelters anxious to reduce the cost of their concentrates in view of the depressed price being received for zinc metal because of poor demand.

AM and S evidently consider it inevitable that all zinc producers will be forced to lower their prices, although Outukumpu of Finland yesterday told Reuter it was still watching the situation.

Zinc prices on the London Metal Exchange yesterday were marginally higher, reflecting the sudden fall in sterling, but the decline had a far greater impact in other metal markets. Cash tin jumped by £310 to £6,635 a tonne, with the upward trend being encouraged by further U.S. buying interest.

U.S. silver purchase plan rejected

WASHINGTON—A House Appropriations subcommittee voted unanimously to recommend that the full committee reject a bill calling for acquisition of $513m worth of silver.

The General Services Administration claimed the measure was inconsistent with stockpile goals.

Another House Panel, the Armed Services Committee's Stockpiles Subcommittee, has already approved a bill which authorises the sale of 15m ounces of stockpiled silver.

Reuter

MALAYSIA

Conflicts of interests in palm oil industry

BY WONG SULONG IN KUALA LUMPUR

THE COLLAPSE of the marketing pact between Malaysia's palm oil growers and refiners, in the face of tight supply, has highlighted the need for a national strategy on the marketing of the country's second most important agricultural commodity.

Malaysian refiners are unhappy because they are not able to get enough crude palm oil, and accuse growers of exploiting the tight supply situation to charge them unreasonably high prices.

The palm oil industry has grown so fast that the authorities have had little time to map out their production and marketing strategies.

From almost nil production in 1960, Malaysia has rapidly overtaken Nigeria as the world's biggest producer, and now produces 1.8m tonnes, 45 per cent of world's output.

The conflict of interest between the growers and local refiners could be traced back to five years ago when numerous refineries were established all over Peninsula Malaysia.

Unlike the rubber factories, which were set up mainly by the plantations themselves, and therefore were assured of supply, the palm oil refiners were mainly independent operators, who built their plants to take advantage of the Government's export duty on crude palm oil and the plentiful supply of crude at that time.

As more refineries were built, competition for crude oil became intense. So much so that in times of production shortfalls (during the periodic droughts, for example), there is a scramble for supplies.

During such times refiners accuse growers of exploitation. Last October, the Ministry of Primary Industries brought the Malaysian Oil Palm Growers Council (MOPGC) and the Palm Oil Refiners Association (PORAM) together and hammered out an agreement based on the CIF countback formula.

Under the pact, growers agreed to sell, and refiners to buy, crude oil at the prevailing Rotterdam price, minus the freight and insurance charges, because the oil is not delivered overseas.

But PORAM says the pact has collapsed in recent weeks and their members have had to pay the full Rotterdam price (plus the elements of freight and insurance) for their purchases.

This can add up to as much as 200 ringgits (£40) premium per tonne, and local refiners say this puts them in a disadvantaged position in relation to their overseas competitors.

The MOPGC denies its members are squeezing the refiners. It says the high price is the result of a shortfall in output, and adds that there are growers and refiners who are not members of their respective organisations and who are free to sell and buy at prices dictated by the market.

There appears to be no immediate solution to the refiners' dilemma, as the Government cannot enforce the parties to adhere to the CIF formula.

Recently, the Government froze all applicatiotions for new palm oil refineries, after realising that too many approvals had been given.

PORAM fears the supply situation could worsen when new plants (many of which are to be built by the plantations themselves) come into operation.

Th problem facing the Government in assessing how far local refining capacity can expand before it jeopardises existing markets for Malaysian crude palm oil overseas.

Some Government planners are worried that if Malaysia were to refine all its palm oil, it might have problems finding markets. Many countries put high tariffs on refined palm oil, while crude oil is given easy access.

Refined Malaysian palm oil attracts a 14 per cent import duty in the EEC compared with 4 per cent for crude.

There are fears that unless Malaysia makes its crude palm oil freely available to its traditional consumers overseas, these clients will switch to other edible oils.

Malaysia needs these traditional buyers as its production is growing rapidly and is expected to exceed 4m tonnes by 1985.

The Government is directly interested in ensuring markets because of the large volume of palm oil produced from its land schemes. The biggest of its land agencies, FELDA, has more than 700,000 acres under palm oil—half of which has yet to reach maturity.

The dramatic switch of overseas markets is also causing some uneasiness for the planners. Until recently, the U.S. was the biggest market for Malaysian palm oil, but within a year, India, from virtually nowhere, has shot up to occupy first place.

Palm oil commands a premium over soyabean oil, and U.S. buyers have switched to the latter. Malaysian palm exports to the U.S. are now a quarter of what they used to be.

India, flushed with remittances from citizens in the Middle East, is a heavy but unpredictable market.

Last year, the Indian authorities imposed a 12.5 per cent duty on edible oil imports to encourage local production, although this was later lifted.

Rubber demand rise forecast

By Our Commodities Staff

CONSUMPTION OF rubber, natural and synthetic, is expected to rise by 57 per cent during the next 10 years, according to the International Institute of Synthetic Rubber Producers. This would raise consumption to 18.8m tonnes a year.

Synthetic's share of the total is forecast to rise from 69.5 per cent this year to 72 per cent in 1989. The share taken by synthetic rubber in centrally planned economies is forecast at 84 per cent in 1989 compared with 77 per cent in 1978.

The biggest consumption increase is expected in Latin America which is likely to take 8 per cent of the world total in 1989 compared with 5 per cent at present. North American consumption is likely to register a modest increase in the period but its share of world usage is expected to drop 5 per cent to 24 per cent in 1989 and Europe's share may drop from 20 per cent to 17 per cent over the same period.

U.S. wheat export curbs opposed

WASHINGTON—Mr. Thomas Foley, chairman of the U.S. House of Representatives agriculture committee, has asked members to join him in opposing amendments aimed at curbing wheat and hide exports which are expected to be brought up later this week.

Mr. Foley, a Washington State Democrat, said in a letter to his colleagues: "I will actively oppose the amendments and urge all members of the committee to participate in the debate."

One of the amendments, proposed by New York Democrat, Mr. Lester Wolff, would effectively curb U.S. wheat sales to OPEC nations. It calls for export controls on all sales of wheat and wheat flour.

Another, tabled by Mr. James Shannon, would reduce hides exports by at least 15 per cent from their 1979 level.

A senior U.S. Agriculture Department official said, meanwhile, that the main details of the 1980 wheat programme should be announced today. He also hoped a statement would be possible on the department's policy regarding increased Soviet wheat purchases in the fourth year of the grain supply agreement.

"I would hope that we would meet the August 1 target for the 1980 wheat programme," he said. "At the same time, I would hope that we could resolve some of the speculation on the Soviet grain purchases."

In the fourth year of the pact, starting October 1, the USSR can buy up to 8m tonnes of U.S. grain. Purchases above that level would require talks between the two nations.

"We could not make a unilateral decision (on raising the limit). It would have to be mutually agreeable," the official said.

A decision had not been made on the 1980 wheat programme and on increasing the limits for Soviet grain purchases. And he declined to discuss the leading proposals under consideration.

But other USDA officials said the 1980 wheat programme will call for no set-aside.

More analysis would be needed before any decisions can be made on creating a new farmer-owned reserve for 1980-crop wheat.

The officials declined comment on rumours that the USSR would be allowed to buy up to 8m tonnes of wheat in the fourth year of the pact, and that a decision would be made on raising the limit for maize later this year.

Reuter

Indonesia to buy rice from Philippines

JAKARTA — Indonesia has signed a contract to purchase 100,000 tonnes of rice from the Philippines, a spokesman for the Logistics Board said here yesterday.

He did not disclose the purchase price, but informed sources said Indonesia would pay $295 a tonne for the shipment, well below the $400 the Government pays for rice on concession from the U.S.

No date has been set for the shipments.

Reuter

Cheap hake imports banned

BRUSSELS — The EEC Commission has banned imports of frozen hake.

It said the fish was coming in at less than Community prices and informed sources said the cheap imports were from Argentina.

EEC rules allow the Commission to protect Community fishermen by banning imports if prices fall below a reference price related to prices within the Common Market.

Dutch sow more wheat

THE HAGUE — The area sown to winter wheat in the Netherlands rose to 125,000 hectares this year from 102,000 last year.

According to provisional survey results released by the Economics Ministry the area sown to summer barley fell 7,800 hectares to 51,700 hectares while the maize area rose by 8,000 hectares to 128,000 hectares.

BRITISH COMMODITY MARKETS

BASE METALS

Amalgamated Metal Trading reported that in the morning three months wirebars traded at £813, 12.5, 12, 13, 12.5, 12, 11, 10, 9, 8, 7. Cathodes, cash £778, 89, 88.5, 70, three months £790, 89.5. Kerb: Wirebars, three months £809, 10, 11, 12, 13, 12, 11, 12. Afternoon: Wirebars, three months £822, 23, 24, 25, 24, 23.5, 24, 24.5, 25.5, 26, 27, 27.5, 27. Cathodes, three months £812. Kerb: Wirebars, three months £828, 29, 28, 27, 28, 29, 28.

TIN—Sharply higher reflecting the weakness of sterling and renewed covering of American physical demand.

Morning: Standard, cash £6,400, 10, 05, three months £6,410, 30, 20, 20, 40, 50, 30, 35. Kerb: Standard, three months £6,440, 50, 60. Afternoon: Standard, cash £6,620, three months £6,550, 6,600, 10, 30, 20, 10, 30, 40, 45, 30, 20. Kerb: Standard, three months £6,620, 10, 6,600, 6,590, 95.

LEAD—Moved ahead following the re-establishment of the backwardation. Forward metal opened around £496 and pushed ahead to touch the day's high of £500.5 before closing the late Kerb at £497.5. Turnover: 7,175 tonnes.

Morning: Cash £500, 1, 2, 2, 1, three months £495, 94, 95, 94.5, 95, 96, 97, 95, 96, 95, 94, 93. Kerb: Cash £503.5, three months £496, 97. Afternoon: Cash £509, three months £499, 500, 499, 99.5, 501, 500.5, 501. Kerb: Three months £500, 1, 498, 97.

I.G. Index Limited 01-351 3466. December Cocoa 1457-1462
29 Lamont Road, London SW10 0HS.
1. Tax-free trading on commodity futures.
2. The commodity futures market for the small investor.

CORAL INDEX: Close 452-457

INSURANCE BASE RATES

† Vanbrugh Guaranteed	12½%
† Property Growth	11½%

† Address shown under Insurance and Property Bond Table.

COCOA

Cocoa futures were very steady due to weak sterling which attracted prolonged short-covering throughout the day for prices to close with gains of £60-£75, reported Gill and Duffus.

COFFEE

GRAINS

SILVER

WOOL FUTURES

RUBBER

The London physical market opened unchanged, and steadied on weaker sterling, closing quietly steady. Lewis and Peat reported a Malaysian godown price of 254 (same) cents a kilo (buyer, September).

SOYABEAN MEAL

SUGAR

COTTON

PRICE CHANGES

In tonnes unless otherwise stated

	July 31 1979	+ or —	Month ago
Metals			
Aluminium	£701/50		£710/50
Free Mkt (cs)	$1480/1510	—30	$1,530/50
Copper			
Cash w'bar	£811	+14.5	£805.5
3 mth „	£826.75	+15	£821.5
Cash Cathode	£792	+16	£780.5
3 mth „	£812.5	+16.75	£803.5
Gold troy oz	$296.875	—2.25	$282.125
Lead cash	£506.5	+18.5	£608.0
3 mth	£499.5	+8.75	£573.5
Nickel	£3225.4		£6,225.4
Freemkt(cif)(lb)	$286/276c		260/75c
Platin'm tr'y oz	£156.5		£165
Free mkt	£170.40	+5.5	£192.15
Quicksilver	$285/305	+10	$285/300
Silver troy oz	397.95p	—4.45	397.20p
3 months	409.60p	—4.6	438.50p
Tin cash	£6,635	+310	£7,470
3 mths	£6,615	+240	£6,995
Tungsten	$143.12		$141.61
Wolfrm 22.04 cif	$134/140		$145/51
Zinc cash	£290	+1	£352.0
3 months	£300.75	+1	£345.5
Producers	$845		$845
Oils			
Coconut (Phil)	£1,070x	—20	$1,150
Groundnut	‡		‡
Linseed Crude	£598		£405
Palm Malayan	$664.50		$672.0w
Seeds			
Copra Philip	$720y	—5	$725
Soyabean (U.S.)	$319.0z	—5.75	$318
Grains			
Barley Futures	£91.60	—0.05	£91.8
Maize			
French No 3 Am	£107.5p		£109.5
Wheat			
No. 1 Red Spg.	£92.25p	+0.25	£97.50
No2HardWint.	£96.75p	+0.25	£99.60
Eng. Milling f.	‡		‡
Other commodities			
Cocoa ship't	£1,498	+73.0	£1,695
Future Sept.	£1,403	+73.0	£1,585
CoffeeF't'rSep	£1,704	+73.0	£2,089
Cotton A'index	77.40c		75.35c
Rubber kilo §	58.25p	+1.25	60.75p
Sugar (Raw)	£93.0		£101.0
Wooltp's 64s kl	262p		271p

* Nominal. † New crop. ‡ Unquoted. in tonnes, unless otherwise stated. p August. z Aug.-Sept. r Sept. w Sept.-Oct. x Oct. y Oct.-Nov. z Indicator § Buyer.

MEAT/VEGETABLES

AMERICAN MARKETS

NEW YORK, July 31.

IN THE precious metals, liquidation by Swiss interests triggered massive profit-taking with limit or near limit declines. Copper declined fractionally despite the overwhelming bearish psychology in precious metals. Cocoa and coffee both reacted on the upside in a technical recovery in a declining market.

63.40-63.15, April 64.60-64.75, June 66.40-66.20, Aug. 65.15 bid, Oct. 64.50, Dec. 66.52 bid. Sales: 37,090.

Live Hogs—Aug. 35.25-35.00 (35.50-35.12), Oct. 32.45-32.35 (32.25-32.40), Dec. 33.20-33.10, Feb. 34.50, April 34.20-34.15, June 38.40, July 38.80-38.60, Aug. 37.90 asked-37.60. Sales: 5,442.

EUROPEAN MARKETS

Winter 13.5 per cent Aug. $205. U.S. Hard Winter ordinary unquoted. U.S. No. Two Red wheat Aug. $191, Sept. $197. U.S. No. Two Northern Spring 14 per cent Aug. $195, Sept. $197, Oct. $199.25, Nov. $201, Dec. $207.

Maize—U.S. No. Three Corn Yellow April $142, July $141.50, Aug. $141.25, Sept. $142, Oct./Dec. $143.50, Jan./March $150, April/June $152.

Soyameal—44 per cent protein U.S. July $230.50, Aug. $234/233 traded, April $223, July $230.50, Aug. $234.

Brazil Pellets April $229 up to $230, Sept. $243 traded, April $230, July $235, August $240, Sept. $244, Oct. $251, Nov. $257.

PARIS, July 31.

Cocoa (FFr per 100 kilos)—July expired, Sept. 1340-1350, Dec. 1371-1372, March 1430-1435, May 1423, July 1430. Sales at call, 2.

Sugar (FFr per 100 kilos)—Oct. 973-974, Nov. 968-975, Dec. 1030-1034, March 1112-1114, May 1140-1150, July 1165-1174, Aug. 1166-1190, Oct. 1185-1205. Sales at call, 9.

INDICES

FINANCIAL TIMES

July 30	July 27	M'nth ago	Year ago
273.74	278.39	292.05	256.92

(Base: July 1, 1952=100)

MOODY'S

July 30	July 27	M'nth ago	Year ago
1072.9	1079.4	1085.2	912.2

(December 31, 1931=100)

DOW JONES

Dow Jones	July 30	July 27	Month ago	Year ago
Spot	399.44	404.05	419.75	357.93
F'tur's	402.05	408.00	432.15	347.67

(Average 1924-25-26=100)

REUTERS

July 31	July 30	M'nth ago	Year ago
1523.1	1529.5	1601.1	1420.6

(Base: September 18, 1931=100)

Australian: Granny Smith 6.00; Italian: Rome Beauty 0.09, Democrats, per pound 0.09, French Cardinals 0.06 per pound. Pears—Victorian: Winter Nelis 3.50-4.00; Spanish: Limoneras 0.14, Williams 17.18; French: Guyots 28 lb 2.80-3.00; Italian: Guyots 14.00. Plums—Spanish: Santa Rosa 2.40-3.40, Italian: Burbanks 0.20-0.30. Grapes—Cypriot: Cardinal, per pound 0.25. Sultana 0.25-0.29, Thompson 0.35, Alphonse 0.40. Peaches—Italian, 1½ trays C's 2.40-2.60, B's 2.60-2.80, A's 2.80-3.00. Nectarines—Italian: C/B/A 4.00-6.00. Bananas—Jamaican: per 28 lb 4.40.

Dutch: 2.20; Guernsey: 2.20-2.40. Cabbages—Dutch: White, net 6.00-6.40. Potatoes—Cypriot: 3.60; Jersey: per pound 0.07½. Capsicums—Dutch: 2.80; Italian: 20p per pound.

English Produce: Potatoes—New crop per bag 1.90-2.30. Lettuces—per 12 round 1.20-1.40, Cos 1.40. Mushrooms—per pound 0.50-0.60. Apples—per pound Bramley. Grenadiers 0.05-0.06. Tomatoes—per 14 lb 1.80-2.00. Cucumbers—trays 8/10s 1.20-1.40. Cauliflowers—12s Lincoln 2.00-2.60. Celery—boxes 12/30's 2.00-2.20, large cartons 20/24's 4.50-4.70.

Leading equities a shade firmer after sluggish trade
Gilts and Golds easier on sterling and bullion price

Account Dealing Dates
Option

*First Dealings	Declara-tions	Last Dealings	Account Day
July 16	July 26	July 27	Aug. 6
July 30	Aug. 9	Aug. 10	Aug. 20
Aug. 13	Aug. 23	Aug. 24	Sept. 3

* "New time" dealings may take place from 9.30 am two business days earlier.

An early technical rally failed to generate any lasting buying enthusiasm in equity markets yesterday, and Gilt-edged, after Monday's setback on concern about the likelihood of a further rise in interest rates, eased in sympathy with sterling's marked weakness yesterday.

The early rallying movement in leading equities was reflected in a gain of 4.1 in the FT 30-share index at 11 am, after which the tone turned hesitant in the absence of follow-through support. The index rise was trimmed to 2 points by 3 pm, but a slight turn for the better in the late trade left it, at 454.2, with a pick-up of 3.2 following its drop of 16 points over the previous four business days. Trade for most of the session was still extremely sluggish.

Institutional investors were holding off again, presumably with an eye to conserving funds for offerings of Government-held shares. Pending news of such sales, ICL, a poor market recently on thoughts that the Government's 24½ per cent holding in the group may soon be on offer, rallied 10 to 435p.

The FT Gold Mines index shed 2.7 *for a two-day loss of 6.4 to* 152.4 as the constituent shares reacted to yesterday's further lowering of the bullion price which ended $2¼ off at $298⅞ per ounce after having touched $294⅝ in the early trade. Australian mining issues, on the other hand, were featured by some bright spots following encouraging news on the Ashton diamond joint-venture.

Gilt-edged securities held up reasonably well yesterday, despite the fairly sharp setback in sterling. Trading conditions were rather sensitive, but after an initial reaction of around ½ in long-dated stocks buyers showed interest at the lower levels and losses were pared by an ⅛ to ¼. The recently-issued £15-paid tap, Treasury 11¾ per cent, was rather volatile and closed ⅜ down at 13¼, *after 12⅞. Short-dated* stocks followed the pattern and finished with falls extending to ⅛, and occasionally more.

Reflecting the setback in the dollar/sterling rate, investment currency rates were traded higher and, after a fairly heavy institutional business, the premium closed 1½ points up at 24¼ per cent. Yesterday's SE conversion factor was 0.9261 (0.9109).

Reflecting the paucity of interest in equities, business in Traded options fell to exceptionally meagre proportions and only 172 contracts were completed, the lowest since the 137 recorded last January.

The resumption of dealings in the former Sri Lanka tea concern **St. George Assets**, now a security service company, turned quite lively; from an opening level of 30p, the shares ended at 31p after having touched 35p; the suspension price was 14p.

Grindlays dip late

Standing a couple of pence firmer immediately in front of the interim statement, **Grindlays** turned easier late to close 5 off at a 1979 low of 101p following the disappointing first-half profits and the Board's cautious remarks about second-half prospects. The major clearing banks took a turn for the better from dullness following the recent batch of disappointing half-yearly statements. **Midland** picked up 6 to 346p and **Barclays** firmed 4 to 422p. Elsewhere, contrasting movements in merchant banks were provided by **Corinthian** which hardened 2 to 33p and **Wintrust**, down 6 at 82p.

A modest technical improvement in Insurances left closing gains in 4. **Royals** finished that much dearer at 324p as did **C. E. Heath**, 164p.

An early firmer trend in Breweries persisted to leave the leaders a penny or two better on balance. **Sandeman** again met small profit-taking in the absence of bid developments, easing 2 to 83p. **Distillers**, on the other hand, put on 2 to 233p.

In Buildings, **Taylor Woodrow** firmed 6 to 352p in response to the larger-than-expected dividend increase that accompanied the interim results. Buying ahead of the third-quarter figures due on Friday helped **Burnett and Hallamshire** rise 25 to 490p and the "A" advance 20 to 465p, while the chairman's confident annual statement prompted a gain of a penny to 44p in **A. Monk**. On the other hand, recent favourite **Brown and Jackson** slipped 7 *for a two-day fall of* 20 to 260p and **Magnet and Southerns** also relinquished 7, to 203p.

ICI firmed 5 to 321p on sterling *influences. Elsewhere in Chemicals,* **Anchor** put on 4 to 68p on Press suggestions of a bid from British Sugar.

Vantona better

Reflecting the increased interim earnings, **Vantona** rose 4 to 118p, while **Stavert Zigomala** advanced 6 to 72p in belated response to the favourable preliminary results. Leading Stores staged a modest technical rally with **Burton "A"** leading the improvement with a rise of 4 to 246p. **Forminster** lost 6 to 140p and **W. L. Pawson** dipped 3 to 62p. Shoes were highlighted by a fresh burst of strength in **Stylo** which rose 8 to 178p, after 177p, following renewed buying on consideration of the company's property assets.

Cabelform weakened late to 66p, down 8, on the annual profits setback. Elsewhere in the Electrical sector, **Automated Security** contrasted with a rise of 7 to 163p on buying ahead of tomorrow's interim figures. Other bright spots included **Highland**, which firmed 4 to 75p. On the other hand, **Telephone Rentals** encountered selling and fell 6 to 185p, while fresh offerings ahead of the preliminary figures due shortly left **Unitech** down 4 more at 176p. Among the leaders, **Thorn** edged up 4 to 420p and **GEC** 3 to 353p.

With the exception of **Hawker Siddeley**, which encountered a little support and edged up 6 to 186p, the Engineering leaders ended on a slightly easier bias after holding steady for most of the day. Elsewhere, the majority of movements were against holders, but **Acrow "A,"** a weak market of late, rallied 5 to 50p, while **British Aluminium** picked up a few pence to 188p. On the other hand, scattered selling left **B. Elliott** 4 cheaper at 204p and **ML Holdings** a similar amount lower at 173p. **C. and W. Walker**, 55p, and **Yarrow**, 360p, gave up 5 apiece, while fresh sporadic offerings left **Ransomes Sims** down 3 more at a new low for the year of 140p.

Interest in Food issues faded mid-session and prices, with the notable exception of **Brooke Bond** which firmed 1½ to 42½p, usually reverted to overnight levels. Elsewhere, buying ahead of today's annual results helped **Hillards** rise 10 to 340p, but **George Bassett** came on offer and shed 4 to 90p.

Down 10 on Monday on adverse Press comment, **Trusthouse Forte** picked up 5 to 137p. **Comfort Hotels** attracted interest on news that negotiations to *lease the Rainbow Suite and* Kensington Exhibition Centre had been completed and the shares firmed ½ to 23p, after 23½p. Reflecting the chairman's confident remarks in the annual report, **Warner Holidays A** put on 1½ to 48p.

Lindustries dull

A technical rally by the miscellaneous Industrial majors left **Boots** 5 better at 182p, **Unilever** 4 dearer at 488p and **Bowater** and **Turner and Newall** 3 higher at 155p and 119p respectively. Elsewhere, **Lindustries** stood out with a fall of 10 to a 1979 low of 115p in reaction to the retiring chairman's profits warning at the AGM. **Metal Closures**, on the other hand, rose 10 to 121p on speculative buying in a thin market and **ICL** also appreciated 10 to 435p. Favourable Press comment drew buyers' attention to **Cape Industries** and the close was 5 higher at 202p, while demand ahead of the preliminary figures due later this month left **Restmor** 7 up at 89p. **Aero Needles** hardened 3 to 45p as did **Fredex**, to 41p, but **Hirst and Mallinson** shaded a penny to 40p on the unimpressive interim figures. **Bestobell** edged up 3 to 212p on hopes that **BTR** would increase its offer; the latter eased 2 to 302p. **Hays Wharf** were quoted ex-rights at 125p, down 6, while the new nil-paid closed at 15p premium, after 14p.

Reports of reduced orders for V-registered vehicles had no apparent effect on Motor Distributors. **Lex Service** rose to 92p before settling for a net gain of 2 at 91p following sharply increased full-year profits and the company's confidence about current trading. Elsewhere, **ERF** found support and closed 4 better at 105p.

Newspapers tended lower in quiet trading, **Daily Mail "A"** giving up 5 to 403p. **Portsmouth and Sunderland**, however, added 2 to 65p; the latter reported first-quarter figures some 40 per cent higher than the comparable period last year.

Dull on Monday on worries about a further rise in interest rates, Properties staged a partial rally on the appearance of cheap buyers with **Land Securities** improving 5 to 283p and **MEPC** picking up 2 to 176p. **Great Portland Estates**, at 316p, recovered all of the previous day's fall of 4, but **Stock Conversion** added just a couple of pence to 356p. Lingering bid rumours stimulated further interest in **Bernard Sunley** which put on 12 for a two-day gain of 20 to 402p, but **City *Offices*** *failed to benefit from the* higher interim profits and held at 81p. **Bank and Commercial** reacted *40 more to 240p in thin* trading compared with Monday's opening level of 360p which followed the capital reconstruction.

Oils remain quiet

Quiet conditions persisted in the market for Oil shares and prices rarely strayed far from overnight closing levels. **British Petroleum** fluctuated narrowly before settling at 1,195p, down 10 on the day, but **Shell** edged up 4 to 338p awaiting today's half-yearly figures. Among secondary issues, **Oil Exploration** hardened 2 to 340p following a Press suggestion of a possible bid for the company.

Movements in Shippings were limited to a few pence either way. **Common Bros.**, 195p, and **J. Fisher**, 190p, eased 3 and 2 respectively, but **P and O Deferred** hardened a penny to 100p. Buying interest was shown in **Mersey Docks**, 1½ to the good at 28½p.

Few movements of note were seen among barely-tested Textiles, although the odd bright spot occurred in smaller-priced issues. **Montfort** added 3 at 62p, while speculative support returned for **Sirdar**, 4 up at 95p.

Firmer throughout the session, **Bats** issues improved afresh in later trading following the weakness of sterling and the Ordinary rose 6 to 271p with the Deferred 4 up at 255p.

CRA up again

News that two parcels of diamonds from the Ashton diamond venture have been evaluated to show over 60 per cent of gem quality caused a flurry of activity in Australian diamond exploration issues.

Conzinc Riotinto, the major participant in the Ashton venture, advanced 10 to 188p, while **Ashton Mining** rose 6 to 66p, after 68p, and **Northern Mining** 7 to 65p.

Elsewhere in Australians **Stirling Petroleum** jumped 5 to 15p following news that minor traces of oil have been found *in the Bruce well on the North* West Shelf.

South African Golds, on the other hand, came under selling pressure from the outset owing to a follow-through of overnight American selling—inspired by a downturn in the *bullion price*. The latter was finally $2.25 lower at $298.875 after falling to $294.625 in the morning.

The Gold Mines index gave up 2.7 to 152.4 and the ex-premium index 0.2 to 141.1.

Among heavyweight Golds, **Western Holdings** lost ½ to £16 and **Vaal Reefs** ¼ to £14¼, while the medium and lower-priced issues showed **Durban Deep** 22 easier at 445p, **Western Deep** 38 off at 695p and **Blyvoor** 16 down at 275p.

Financials were mixed. Among the South Africans, **Union Corporation** and **Anglo-American** were both around 5 easier at 324p and 315p respectively but **De Beers** managed to rise 4 to 349p following modest London support.

In London Financials, **Gold Fields** initially fell to 213p before recovering to close unchanged on balance at 218p.

The latest news from Conzinc Riotinto's Ashton diamond venture aided sentiment in **Rio Tinto-Zinc** which improved 7 to 260p, after 262p.

FINANCIAL TIMES STOCK INDICES

	July 31	July 30	July 27	July 26	July 25	July 24	A year ago
Government Secs.	72.24	72.46	72.93	73.23	73.65	73.96	70.78
Fixed interest	73.73	73.82	74.75	74.95	75.22	75.36	72.48
Industrial	454.2	451.0	458.2	461.5	464.4	467.0	495.5
Gold Mines	152.4	155.1	158.8	158.4	157.6	161.8	191.5
Gold Mines(Ex-$ pm)	141.1	141.3	146.3	145.9	147.5	151.7	128.4
Ord. Div. Yield	7.05	7.09†	6.90	6.86	6.82	6.78	5.38
Earnings Yld. % (full)	17.89	17.98†	17.87	17.26	17.16	17.06	16.39
P/E Ratio (net) (*)	7.02	6.98	7.21	7.25	7.30	7.34	8.18
Total bargains	16,327	16,066	16,688	16,308	18,667	15,359	—
Equity turnover £m.	—	71.10	89.84	76.31	76.97	73.06	95.46
Equity bargains total	—	12,285	13,229	11,846	11,168	9,926	18,669

10 am 452.1. 11 am 455.1. Noon 454.2. 1 pm 452.9.
2 pm 452.9. 3 pm 453.0.
Latest Index 01-246 8026.
* Nil = 6.75.

Basis 100 Govt. Secs. 15/1/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ premium index started June, 1972. SE Activity July-Dec. 1942. † Correction.

HIGHS AND LOWS

	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/5)	64.54 (8/2)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (8/5)	66.03 (13/2)	150.4 (28/11/47)	50.53 (6/1/75)
Ind. Ord.	558.6 (4/5)	446.1 (12/2)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	208.4 (6/6)	129.9 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$pm)	169.3 (6/6)	95.2 (2/11)	337.1 (3/4/74)	54.3 (25/6/75)

S.E. ACTIVITY

	July 31	July 30
—Daily—		
Gilt Edged	145.8	140.9
Industrials	145.3	142.8
Speculative	24.2	24.7
Totals	95.6	96.1
5-d'y Av'r'ge		
Gilt Edged	137.2	137.7
Industrials	133.6	128.2
Speculative	26.5	26.5
Totals	90.6	87.3

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
July 24	Aug. 6	Oct. 18	Oct. 30
Aug. 7	Aug. 20	Nov. 1	Nov. 13
Aug. 21	Sept. 3	Nov. 15	Nov. 27

For rate indications see end of Share Information Service

Money was given for the call in Premier Oil, Spillers, Rivington Reed, Inter-City, Dunbee Combex, Centrovincial Estates, John Brown, ICI, Ultramar, Furness Withy, Bambers, Britannic Assurance, Town and City, Westminster Props., St. George Assets and Maple. Puts completed included Spillers and Bank and Commercial, while doubles were arranged in Stylo, MFI and Spillers.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP	1100	120	—	168	10	—	—	1203p
BP	1200	70	—	98	20	125	—	"
GEC	330	42	2	61	—	76	—	358p
GEC	360	22	4	41	—	54	—	"
GEC	390	9	—	26	—	37	2	"
GEC	460	1½	—	7	10	—	—	"
Grand Met.	138	10	—	17	11	—	—	137p
Grand Met.	160	4	2	7½	—	—	—	"
ICI	330	13	—	21	5	26	—	319p
ICI	390	2	7	6	—	—	—	"
Land Secs.	260	19	3	29	—	32	—	282p
Land Secs.	330	5	—	10	20	—	—	"
Marks & Sp.	80	32	1	—	—	—	—	109p
Marks & Sp.	110	8½	—	12	4	18	—	"
Marks & Sp.	120	5	—	8	2	13	20	"
Marks & Sp.	130	2	—	5½	6	—	—	"
Shell	335	24	2	34	—	—	—	338p
Shell	400	3	3	8	—	—	—	"
Totals			24		83		22	
		August		November		February		
BOC Intl.	70	5	—	7½	1	11½	—	71p
Boots	180	7	5	16	—	21	—	182p
Boots	220	½	—	3	4	6	—	"
EMI	100	4	—	10	—	13	3	96p
EMI	120	1	—	5	1	10	12	"
Imperial Gp.	90	3½	—	7	—	9½	2	89p
RTZ	240	26	13	35	—	43	—	261p
Totals			18		6		16	

MONTHLY AVERAGES OF STOCK INDICES

	July	June	May	April
Financial Times				
Government Securities	75.11	71.61	75.75	75.18
Fixed Interest	74.88	73.43	76.64	76.77
Industrial Ordinary	446.3	489.4	518.3	537.4
Gold Mines	161.6	138.6	173.7	145.2
Do. (Ex-$ pm)	143.7	132.1	150.6	117.8
Total Bargains	16,383	16,661	[illegible]	—
F.T.—Actuaries				
Industrial Group	232.74	242.17	260.28	260.11
500 Share	267.51	276.69	295.12	294.02
Financial Group	189.24	193.14	207.96	207.65
All-Share (750)	244.78	253.34	269.52	269.94
Red. Debs. & Loans	57.89	58.46	61.26	60.25

	High	Low
Industrial Ordinary	472.5 (3rd)	451.0 (30th)
All-Share	251.35 (3rd)	236.10 (30th)

ACTIVE STOCKS

Stock	Denomina-tion	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
BP	£1	12	1,195	−10	1,295	882
RTZ	25p	9	260	+ 7	382	226
BATs Defd.	25p	8	255	+ 4	337	242
Barclays Bank	£1	8	432	+ 4	514	380
ICI	£1	8	321	+ 5	415	314
Shell Transport	25p	8	338	+ 4	402	278
Beecham 'New'	25p	7	133	+ 2	134	130½
Boots	25p	7	182	+ 5	235	177
Midland Bank	£1	7	346	+ 6	455	340
Trusthouse Forte	25p	7	137	+ 5	198	127
Bowater	£1	6	155	+ 3	209	151
De La Rue	25p	6	495	− 5	505	320
GEC	25p	6	353	+ 3	456	311
GKN	£1	6	258	− 4	308	226
St. George Assets	10p	6	31	—	35	30

APPOINTMENTS

Edmund Dell joins Halifax

Mr. **Edmund Dell**, an MP until the last General Election and a former Secretary for Trade in the Labour Government, has joined the London Board of the HALIFAX BUILDING SOCIETY. He is a director of Guinness Peat Group, Guinness Mahon and Co., and the English National Opera.

★

Dr. **W. P. L. Wilby** is to join the Board of NEXOS OFFICE SYSTEMS as development director.

★

Mr. **Christopher H. Buckley**, chairman and chief executive officer of the Risdon Manufacturing Company, has been appointed chairman of METAL BOX AMERICA INC. Mr. **Peter J. Hewett** has been made president and chief executive of that company. Until this appointment, Mr. Hewett was commercial director of Metal Box Packaging of the UK. Other Board members of Metal Box America are Mr. **James Hodder**, vice-chairman of Metal Box Limited and Mr. **William Barclay**, MB's personnel director.

Metal Box America, which is to open its office at Westport, Connecticut at the beginning of September, is the holding company for Metal Box Standun Inc., Risdon Manufacturing, Simplimatic Engineering, and Metal Box Consulting Services. Metal Box Standun Inc. representing an investment of $25m was set up in April last year by Metal Box Limited in conjunction with Standun Inc. of California, manufacturer of can making machinery. The new company, of which Metal Box Limited holds 75 per cent of the equity, was formed to make two-piece beverage cans at Carson, near Los Angeles.

★

Sir **George Kenyon** and Mr. **Sidney Procter** are to become directors of the ROYAL BANK OF SCOTLAND from October 1. Sir George is at present a director of National and Commercial Banking Group and chairman of Williams and Glyn's Bank. Mr. Procter is a deputy managing director of the group company and a director and the chief executive of Williams and Glyn's Bank.

★

Four executives of W. AND F. C. BONHAM AND SONS have joined the Board. They are Mr. **Michael J. Earp**, Mr. **Leslie J. Gillham**, Mr. **Andrew Hawkins** and Mr. **Sebastian Pearson**.

★

Mr. **Edward Dawson** has rejoined the group management Board of MERCANTILE CREDIT COMPANY following his secondment with Barclays Bank International in Australia.

★

Mr. **Geoffrey Turner** has been appointed a main Board director of THOS. W. WARD. He was previously a joint managing director of its subsidiary, Ketton Portland Cement Company, a responsibility he shared with the late Mr. E. L. Holmes. Mr. **Peter J. Greene**, based in Sheffield, a local director of the parent company, has become sales director of the Ketton Portland Cement and Mr. **John T. Denton**, previously works manager, has been made works director of that company.

★

Sir **Henry Marking** has been appointed to the Board of CARRERAS ROTHMANS as non-executive chairman and he has also become a director of Rothmans International, the parent company. Sir Henry has been chairman of the British Tourist Authority since 1977. He joined British European Airways in 1949 and became chief executive

of BEA in 1964 and chairman in 1971. Sir Henry was made *deputy chairman and managing* director of British Airways on its formation and remains a member of the British Airways Board. He is a director of Barclays Bank International. As non-executive chairman of Carreras Rothmans, Sir Henry succeeds Mr. **Donal Carroll**, who has acted as non-executive chairman of that company since 1972. Mr. Carroll is chairman of Carroll Industries, an associate of Rothmans International.

★

The STIRLING BROKERS ASSOCIATION has been formed by the founder members and the following officers elected: Mr. **K. Hughesdon**, chairman, Mr. **J. N. M. Cheetham**, deputy chairman, Mr. **M. Redgwell**, secretary, and Mr. **M. Church**, treasurer.

★

Mr. **B. St. G. A. Reed** has resigned as a non-executive director of GRATTAN WAREHOUSES because of business commitments in his own group.

★

Mr. C. H. Peter Trollope has been appointed managing director of HIGH-POINT PROJECT MANAGEMENT, a subsidiary of High-Point Services Group.

★

Mr. **M. Albut** has been appointed managing director of MULTIGLASS and Mr. J. Watters has become the Aberdeen director of the company which is a member of the [illegible] Group. Mr. Albut was formerly managing director of UEI Glass and Mr. Watters was previously general works manager of Air Screw Howden.

★

Mr. **Colin Coney** has been appointed representative and vice-president of [illegible] WESTMINSTER BANK'S representative office in Houston.

★

Mr. **John Crabb**, managing director of JOHNSON WAX in Britain, has been appointed area director, consumer products, European operations. The new managing director from the end of this month is Mr. Geoffrey Hudson, who was previously at the Johnson Wax headquarters in the U.S.

★

Mr. **Malcolm Davies** has been appointed general manager and local director of the Resolven, South Wales, plant of CAM GEARS. He succeeds Mr. E. G. Coleman, who had resigned as general manager on medical advice, but continues as a local director. The company is a subsidiary of TRW Inc.

★

Mr. William Craig, a member of the Council of Europe and of the Western European Union, has been elected to the Board of UNICO FINANCE, part of the Unico Group, merchant bankers.

★

Mr. **Kenneth Hampton** has been appointed managing director and chief executive of PA INTERNATIONAL succeeding Mr. Trevor Utting, who is retiring.

★

Mr. **H. R. Ainsworth** has been appointed a director of LONG AND HAMBLY.

★

Mr. **Ron Wise** has been appointed managing director of KENRICK HARDWARE, the newly formed division of Archibald Kenrick and Sons. He continues as a director of the parent concern.

★

Mr. **P. A. Rippon**, formerly vice-chairman of LINDUSTRIES, has now taken up his appointment as chairman.

★

Mr. **Timothy Lake**, chief executive and formerly marketing director of the steel division, has been appointed to the Board of LAKE AND ELLIOT.

★

Mr. **Alan Henderson** has become managing director of SCHLESINGER TRUST MANAGERS. He succeeds Mr. **Richard Timberlake** who has resigned to take up an appointment with the Fidelity Investment Group of Boston.

★

Mr. **Bruce Sellars** has been appointed secretary of the NATIONAL BUS COMPANY. He succeeds Mr. **R. St. C. Sandall** who has been member for administration since January.

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (13)

BRITISH FUNDS (1)
Electric 4½pc '74-79
FOREIGN BONDS (1)
Antofagasta Railway
BANKS (1)
Manson Finance
BUILDINGS (1)
Burnett Hallamshire
ELECTRICALS (1)
Automated Sec.
FOODS (1)
Hillards
HOTELS (1)
Warner Holidays A
INDUSTRIALS (1)
Restmor
SHOES (1)
Stylo Shoes
TEXTILES (1)
Highams
TRUSTS (1)
Dawnay Day
TEAS (1)
Lawrie Plant.
MINES (1)
Mincorp

NEW LOWS (103)

BRITISH FUNDS (1)
AMERICANS (1)
BANKS (3)
BEERS (1)
BUILDINGS (5)
CHEMICALS (5)
DRAPERY & STORES (3)
ELECTRICALS (3)
ENGINEERING (16)
FOODS (1)
INDUSTRIALS (26)
INSURANCE (1)
MOTORS (1)
NEWSPAPERS (3)
PAPER & PRINTING (1)
SHOES (2)
TEXTILES (4)
TRUSTS (24)
OVERSEAS TRADERS (1)
MINES (3)

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	1	73	13
Corpns. Dom. and Foreign Bonds	7	17	47
Industrials	205	320	888
Financial and Prop.	109	112	284
Oils	11	12	16
Plantations	1	6	24
Mines	23	68	53
Others	55	39	64
Totals	408	647	1,338

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
**	F.P.	24/8	75	60	Arrow Chemicals	67	−4	b5.0	3.3	4.5	14.6
50	F.P.	11/7	91	74	B & Q (Retail) 5p	74	−2	0.46	2.8	3.3	15.9
80½	F.P.	27/7	105½	95½	Fairline Boats	101	......	u3.6	3.6	4.9	7.3
**	F.P.	—	58	52	Malay'n Pl ta Berhad	54	......	bQ18c	1.7	7.5	—
160	F.P.	6/9	187	173	Mercantile House	177	+4	10.72	3.3	13.8	11.6
**	F.P.	10/8	37	26	Mettoy Dfd.	26	......	......	...	...	...
**	F.P.	—	44	36	Phicom 10p	38	+2	N1.0	4.6	3.8	13.8
**	F.P.	—	35	30	St. George Assets 10p	31	......	bd1.3	1.1	4.5	3.5
160	F.P.	6/8	187	173	StandardTel.&Cables	184	......	b8.0	2.1	6.2	11.1

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price £	+ or −
*91	F.P.	21/9	87	86½	Aurora 8¼ Conv. Cum. Pref.	87	......
100	F.P.	20/7	101½	93	English & Overseas Inv. Conv.	95	......
*96½	£10	—	11½	11¼	Essex Water 8% Red Pref. 1984	11¼	......
100	F.P.	27/7	115	107½	Kwik-Fit (Tyres) 8% Cnv. Ln. 1979/85	113	......
100	F.P.	30/7	102	87	Marsh'll's Univ'rs 17½ Cnv.Cum.Red.Prf.	87	......
100	F.P.	30/6	102	100	Portsmouth Water 8% Red. Prf. 1984	101½	......
97	Nil	—	98¾	97½	Scot. Agricultural Sec. 15% Deb. 97-99	97¼	−¼
100p	—	—	102	100	Stonehill 10½ Cnv. Prf.	100	......
*98	£10	24/8	£13	£12½	Sund. & S. Shields Water 8% 1986	£13	......
*98	£10	18/10	£13	£12½	Wrexham Water 8% 1984	£13	......

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date ●	Latest Renunc. Date ■	1979 High	1979 Low	Stock	Closing Price p	+ or −
A$2	Nil	—	—	55½pm	37pm	Bank of New South Wales	37pm	......
36	F.P.	9/7	10/8	41	39½	Causton Sir (J.)	40½	−½
65	F.P.	17/7	10/8	90	82	Century Oils	87	+1
52½	F.P.	10/7	10/8	63	55	Combined English Stores	60	−2
30	Nil	3/8	24/8	11pm	10½pm	Control Securities	10½pm	−½
25	Nil	8/8	10/8	4pm	3pm	Edinburgh & Gen.	3½pm	......
195	F.P.	20/7	10/8	223	208	Elliott (B.)	208	−4
100	F.P.	13/7	3/8	138	125	Geevor Tin	135	+5
25	Nil	—	—	26pm	20pm	Goodkind (W.)	21pm	−4
60	Nil	3/8	7/9	19pm	17pm	Goldberg (A.)	17pm	−1
126	F.P.	29/6	10/8	146	131	Grand Metropolitan	138	+1
50	Nil	6/8	31/8	71pm	50pm	Hanson Trust	53pm	+3
47	F.P.	30/7	28/8	50	47½	Hargreaves	49	−1
115	Nil	—	—	14pm	12pm	Hay's Wharf	15pm	......
88	F.P.	27/7	24/8	101	91	Highland Dist.	100	+1
155	F.P.	13/7	24/8	208	182½	Holt Lloyd Intl	204	......
110	F.P.	5/7	7/9	114	107	Intl. Timber	107	−1
30	Nil	—	—	7pm	6pm	Lennons	7pm	......
105	F.P.	13/7	3/8	110	105	McCorquodale	105	......
25cts	Nil	15/8	17/8	1pm	Nil	Ovenstone	Nil	......
60	F.P.	20/7	10/8	129	110	Sound Diffusion	122	−2
108	F.P.	27/7	20/8	176	126	Stylo Shoes	176	+8
57	F.P.	30/7	24/8	66½	60	UBM	66½	......
87	F.P.	13/7	10/8	110	94	W.G.I.	105	......

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 income shares and 10 capital shares at 125p per unit.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., July 31, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon., July 30 Index No.	Fri., July 27 Index No.	Thurs., July 26 Index No.	Wed., July 25 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (172)	235.63	+0.1	18.38	6.06	7.03	233.41	237.61	239.06	239.97	228.18
2 Building Materials (27)	213.37	−0.3	19.17	6.08	6.80	218.95	225.85	223.72	224.25	209.16
3 Contracting, Construction (28)	346.29	−0.2	26.35	6.03	4.74	347.03	349.32	350.75	352.64	358.67
4 Electricals (15)	572.01	+0.6	13.63	4.05	10.07	568.45	581.19	582.09	582.79	483.67
5 Engineering Contractors (12)	365.88	−0.7	20.26	6.62	6.16	368.57	376.71	379.91	381.24	336.51
6 Mechanical Engineering (74)	170.65	+0.4	19.69	6.77	6.46	170.03	172.79	174.79	175.56	183.96
8 Metals and Metal Forming (16)	156.80	−0.7	19.96	9.55	6.23	157.90	159.64	161.61	163.90	172.74
11 CONSUMER GOODS (DURABLE) (52)	222.12	+0.4	16.49	5.11	7.66	221.33	225.10	226.17	226.21	208.10
12 Lt. Electronics, Radio, TV (16)	309.79	+0.3	12.96	3.86	10.10	309.00	314.89	316.25	315.61	[illegible]
13 Household Goods (13)	147.14	−0.4	19.79	7.42	6.20	147.79	150.19	151.27	152.00	164.71
14 Motors and Distributors (23)	109.29	+0.8	24.47	7.67	4.96	108.40	109.72	110.29	110.79	128.77
21 CONSUMER GOODS (NON-DURABLE) (171)	227.48	+0.7	17.21	6.21	7.25	225.89	229.62	230.46	231.22	213.96
22 Breweries (14)	273.37	+0.7	16.59	5.53	7.19	271.58	274.48	276.67	277.40	236.18
23 Wines and Spirits (6)	322.25	+0.6	16.97	5.55	7.36	320.79	324.86	326.93	326.71	277.71
24 Entertainment, Catering (17)	293.04	+0.9	16.97	6.94	7.76	290.40	298.69	301.68	302.73	264.10
25 Food Manufacturing (19)	193.75	+0.7	20.43	6.82	6.09	192.34	194.96	195.52	196.60	202.11
26 Food Retailing (15)	294.51	+0.1	12.54	4.34	9.51	294.21	297.49	297.17	297.86	222.28
32 Newspapers, Publishing (12)	389.95	−0.9	24.26	7.46	5.78	393.61	401.54	404.86	404.94	410.72
33 Packaging and Paper (15)	121.25	+1.2	24.24	9.19	5.34	119.84	120.99	121.82	122.16	141.48
34 Stores (41)	233.90	+0.7	12.50	4.40	10.52	232.20	237.33	238.05	239.36	201.07
35 Textiles (23)	149.01	+0.1	24.52	10.26	5.16	148.93	149.93	151.18	152.16	181.72
36 Tobaccos (3)	232.60	+1.3	24.67	9.56	4.61	229.61	233.15	232.25	230.66	255.15
37 Toys and Games (6)	65.66	+1.4	26.32	10.26	4.83	64.76	65.30	65.84	66.70	112.68
41 OTHER GROUPS (99)	191.97	+0.4	16.62	6.55	7.42	191.16	194.08	194.46	195.57	207.84
42 Chemicals (18)	266.01	+0.8	19.08	7.26	6.12	263.96	267.23	267.66	269.28	298.16
43 Pharmaceutical Products (7)	210.50	+0.8	13.32	5.21	9.17	208.73	213.11	213.40	214.48	278.99
44 Office Equipment (6)	114.75	+0.2	17.48	7.23	7.18	114.54	116.29	116.68	116.69	134.33
45 Shipping (10)	443.04	+0.4	10.61	6.77	12.62	441.11	449.43	452.47	452.36	420.76
46 Miscellaneous (58)	228.53	−0.1	17.05	6.42	7.58	228.66	231.92	232.70	234.08	221.52
49 INDUSTRIAL GROUP (494)	226.87	+0.5	17.32	6.37	7.26	225.83	229.58	230.50	231.36	222.76
51 Oils (6)	641.41	+0.1	12.38	5.25	8.59	640.92	644.10	647.14	647.37	493.75
59 500 SHARE INDEX	260.27	+0.4	16.42	6.00	7.47	259.25	263.82	264.30	264.93	245.50
61 FINANCIAL GROUP (116)	179.88	+0.6	—	5.82	—	178.76	182.05	183.70	185.76	171.10
62 Banks (6)	212.18	+1.0	38.28	6.04	3.35	210.12	216.39	218.96	224.78	187.80
63 Discount Houses (10)	254.37	+0.3	—	7.22	—	253.55	257.50	257.62	257.98	210.64
64 Hire Purchase (5)	157.40	—	21.08	5.52	6.08	157.40	161.10	161.98	161.89	155.66
65 Insurance (Life) (10)	143.89	+0.2	—	7.07	—	143.57	145.87	146.99	148.58	145.61
66 Insurance (Composite) (8)	117.14	+0.7	—	7.71	—	116.28	117.73	118.60	118.77	133.86
67 Insurance Brokers (10)	234.49	+1.7	21.17	7.75	6.76	232.59	236.93	235.10	234.31	355.36
68 Merchant Banks (14)	97.63	−0.3	—	5.89	—	97.89	96.10	96.32	95.65	80.33
69 Property (43)	342.71	+0.6	3.28	2.64	45.42	340.73	346.82	351.85	354.96	252.58
70 Miscellaneous (10)	113.27	−0.8	16.43	7.88	7.80	114.28	115.92	116.67	116.64	109.09
71 Investment Trusts (110)	200.42	+0.1	—	5.65	—	200.20	201.75	202.83	203.76	230.28
81 Mining Finance (4)	113.78	+1.3	17.52	6.64	7.00	112.28	112.77	112.16	112.16	106.84
91 Overseas Traders (20)	321.77	+0.6	16.90	7.74	7.25	319.71	324.24	325.83	324.26	320.59
99 ALL-SHARE INDEX (750)	237.13	+0.4	—	6.00	—	236.18	239.54	240.71	241.76	226.55

FIXED INTEREST PRICE INDICES

	British Government	Tues., July 31	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	104.98	−0.11	—	5.18
2	5-15 years	115.70	−0.28	—	6.90
3	Over 15 years	122.72	−0.35	—	8.15
4	Irredeemables	136.93	−0.36	—	7.24
5	All stocks	113.94	−0.25	—	6.67

FIXED INTEREST YIELDS

	British Govt. Av. Gross Red.		Tues., July 31	Mon., July 30	Year ago (approx.)
1	Low Coupons	5 years	10.36	10.28	8.65
2		15 years	10.81	10.75	10.86
3		25 years	11.26	11.21	11.58
4	Medium Coupons	5 years	12.47	12.40	11.24
5		15 years	12.39	12.34	12.03
6		25 years	12.32	12.28	12.15
7	High Coupons	5 years	12.73	12.65	11.43
8		15 years	12.71	12.65	12.55
9		25 years	12.71	12.65	12.81
10	Irredeemables		10.78	10.73	11.59

		Tues., July 31 Index No.	Yield %	Mon. July 30	Fri. July 27	Thurs. July 26	Wed. July 25	Tues. July 24	Mon. July 23	Fri. July 20	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	58.21	†12.78	58.35	58.47	58.47	58.54	58.44	58.49	58.44	57.21
16	Investment Trust Prefs. (15)	50.93	13.18	51.22	51.60	51.60	51.60	51.60	51.60	51.55	51.60
17	Coml. and Indl. Prefs. (20)	72.46	12.55	72.31	72.22	72.22	72.10	72.10	72.10	71.47	70.16

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

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AUTHORISED UNIT TRUSTS

Perpetual Unit Trust Mngmt.♥ (a)
48, Hart St., Henley on Thames 04912 6868

P'petual Gp. Gth.	55.6	59.7	.....	4.31
P'petual Gp. Inc.	48.3	51.1	.....	7.86

Practical Invest Co. Ltd.♥ (y)(c)
44, Bloomsbury Sq., WC1A 2RA 01-623 8893

Practical July 25	147.8	157.0	.....	4.69
Accum. Units	214.4	228.9	.....	4.69

Provincial Life Inv. Co. Ltd.♥
222, Bishopsgate, EC2. 01-247 6533

Prolific Units	84.3	90.3	.....	3.77
High Income	131.4	140.8	-0.5	7.82

Sector Funds

S.E. Asia	36.4	39.1	-0.7	3.89
U.S.	67.5	72.5	+0.5	2.35
Commodity	83.5	89.7	-0.5	4.03
Energy	85.1	91.4	-0.2	2.30
Financial Secs.	68.2	73.3	-0.2	4.02

High-Minimum Funds

Select Internat.	248.2	261.9	+0.3	3.15
Select Income	55.5	58.5	-0.4	8.84

Exempt Funds

Exempt Income*	173.7	183.4	.....	7.42
Exempt Intl.*	243.1	256.6	.....	3.07

*Prices at July 25. Next sub. day August 8.

Scottish Securities Ltd.

Scotbits	36.7	39.4	.....	4.45
Scotyield	48.3	51.9	.....	8.39
Scotshares	66.9	71.9	-0.2	4.96

Financial	69.5	75.5	.....	4.30
Equity	38.1	41.0	-0.4	6.69
Exempt Inc. Aug. 1	212.2	223.4	-10.3	7.84
Exempt Accum.	302.3	318.2	-14.7	7.84
Gilt Accum.	130.9	137.3	.....	5.00
Growth	30.7	33.0	.....	5.03
Pacific Income	21.5	23.1	-0.3	2.36
Pacific Accum.	24.0	25.8	-0.3	2.36
Investment Trust	30.3	32.6	-0.1	4.45
Professional Aug. 1	154.2	162.3	-3.7	6.13
Income	26.6	28.6	-0.1	10.25
Preference Share	13.0	14.4	.....	11.76
Special Situations	21.9	23.6	-0.3	6.25

Target Tst. Mngrs. (Scotland) (a)(b)
19, Athol Crescent, Edin. 3. 031-229 8621/2

American Eagle	26.3	28.3	.....	2.45
Thistle	40.7	43.8	.....	6.34
Extra Income	60.1	64.6	-0.2	10.41

TSB Scottish	81.1	86.3	-0.2	3.33
(b) Do. Accum.	88.4	88.4	-0.2	—

Ulster Bank♥ (a)
Waring Street, Belfast. 0232 35231

(b)Ulster Growth	35.7	38.3	-0.8	6.61

Unit Trust Account & Mgmt. Ltd.
King William St. EC4R 9AR 01-623 4951

Friars Hse. Fund	42.7	45.5	.....	4.50
Wieler Grth. Fnd	30.9	32.6	.....	4.66
Do. Accum.	37.1	39.1	.....	4.66

Wieler Growth Fund
King William St. EC4R 9AR 01-623 4951

Income Units	30.9	32.6	.....	4.66
Accum. Units	37.1	39.1	.....	4.66

INSURANCE AND PROPERTY BONDS

Abbey Life Assurance Co. Ltd.
1-3 St. Paul's Churchyard, EC4. 01-248 9111

Equity Fund	36.2	38.2	-0.8	—
Equity Acc.	32.2	33.9	-0.8	—
Property Fd.	175.6	184.9	+1.4	—
Property Acc.	187.4	197.3	+1.4	—
Selective Fund	99.5	104.8	-0.9	—
Convertible Fund	140.6	148.0	+0.2	—
♥Money Fund	130.7	137.6	+0.2	—
♥Prop. Fd. Ser. 4	151.5	159.5	+0.8	—
♥Man. Fd. Ser. 4	146.3	154.1	-1.8	—
♥Equity Fd. Ser. 4	36.6	38.6	-0.9	—
♥Conv. Fd. Ser. 4	119.7	126.1	+0.2	—
♥Money Fd. Ser. 4	117.8	124.0	+0.2	—
Pension Property	215.0	226.4	+1.8	—
Pension Selective	95.9	101.0	-0.9	—
Pension Managed	199.9	210.5	-2.6	—
Pension Security	152.2	160.3	+0.4	—
Pension Equity Fd.	179.4	188.9	-4.9	—

Prices at July 31. Valuation normally Tuesday.

Albany Life Assurance Co. Ltd.
31, Old Burlington St., W.1. 01-437 5962

♥Equity Fd. Acc.	217.5	228.9	.....	—
♥Fixed Int. Acc.	161.2	169.7	.....	—
♥Gtd. MoneyFd. Ac.	122.1	128.5	.....	—
♥Intl. Man. Fd. Acm	112.9	118.8	.....	—
♥Prop. Fd. Acc.	122.3	128.7	.....	—
♥M'ple Inv. Acc.	187.9	197.7	.....	—
Equity Pen. Fd. Acc.	266.7	280.1	.....	—
Fixed I. Pen. Acc.	219.9	231.4	.....	—
G'tnt. Mon. Pen. Acc.	144.0	151.5	.....	—
Intl. Mn. PnFdAcc.	122.0	128.4	.....	—
Prop. Pen. Acc.	144.2	151.8	.....	—

Crown Life Assurance—contd.

Fixed Int. Fd. Acc.	114.9	120.9	-0.4	—
Fxd. Int. Fd. Incm.	109.2	114.9	-0.3	12.91
Inter'l. Fd. Acc.	102.3	107.6	.....	—
Inter'l. Fd. Incm.	100.7	106.0	.....	7.90
Money Fd. Acc.	102.4	107.7	.....	—
Money Fd. Incm.	96.7	101.7	.....	13.75
Dist. Fd. Incm.	106.0	111.5	.....	10.28
Crown Brt. Inv. 'A'	174.7	—	.....	—

Crusader Insurance Co. Ltd.
Vincula House, Tower Pl., EC3. 01-626 8031

Grth. Prop. July 3	82.1	93.0	.....	—

Eagle Star Insur./Midland Assur.
1, Threadneedle St., EC2. 01-588 1212

Eagle/Mid. Units	57.7	59.8	+0.2	6.55

Equity & Law Life Ass. Soc. Ltd♥
Amersham Road, High Wycombe. 0494 33377

Equity Fd.	122.6	129.0	+0.2	—
Property Fd.	126.6	133.2	+1.3	—
Fixed Interest F.	120.2	126.5	-0.3	—
Gtd. Deposit Fd.	106.0	111.5	+0.1	—
Mixed Fd.	124.4	130.9	+0.2	—

Gartmore Bonds
For underlying unit prices of Gartmore Lloyd's Life Bonds see Gartmore Fund Managers under Authorised Unit Trusts

General Portfolio Life Ins. C. Ltd.♥
60 Bartholomew Ct., Waltham Cross. WX31971

Lloyds Life Assurance—contd.

Pns. Mng. Ac. July 17	245.5	258.5	.....	—
Pns. Mg. Cap. July 17	223.2	235.0	.....	—
Pns. Dep. Acc. July 17	158.0	166.4	.....	—
Pns. Dp. Cap. July 17	143.6	151.2	.....	—

London A'deen & Nthn. Mtl. Assur. Ltd.
129 Kingsway, London, WC2B 6NF. 01-404 0393

'Asset Builder'	46.3	48.8	.....	—

London Indemnity & Gnl. Ins. Co. Ltd.
18-20, The Forbury, Reading 583511.

Money Manager	34.6	37.1	-0.2	—
M.M. Flexible	31.0	32.7	-0.2	—
Fixed Interest	37.1	39.1	-0.1	—

London Life Linked Assur. Ltd.
81 King William St., EC4N 7BD. 01-626 0511

Equity	86.2	88.7	.....	—
Fixed Interest	100.0	100.4	.....	—
Property	102.2	103.7	.....	—
Deposit	101.8	101.8	.....	—
Mixed	93.0	94.5	.....	—

The London & Manchester Ass. Gp.♥
Winslade Park, Exeter. 0392 52155

Cap. Growth Fund		245.6	.....	—
♦Flex. Exempt Fd.		149.8	.....	—
♦Exempt Prop. Fd.		111.7	.....	—
♦Expt. Inv. Tst. Fd.		176.5	.....	—
Flexible Fund		119.5	.....	—
Inv. Trust Fund		161.7	.....	—
Property Fund		92.7	.....	—
Gtd. Deposit Fd.		106.1	.....	—

Prudential Pensions Limited♦
Holborn Bars, EC1N 2NH. 01-405 9222

Equity Fd. July 18	£28.54	29.42	.....	—
Fixed Int. July 18	£21.78	22.07	.....	—
Prop. Fd. July 18	£32.43	33.43	.....	—

Reliance Mutual
Tunbridge Wells, Kent. 0892 22271

Rel. Prop. Bds.		253.4	+1.8	—

Rothschild Asset Management
St. Swithins Lane, London EC4. 01-626 4356

N.C. Prop.	133.8	142.4	.....	—

Next sub. period Sept. 29/Oct. 12.

Royal Insurance Group
New Hall Place, Liverpool. 051-227 4422

Royal Shield Fd.	161.8	171.2	-1.4	—

Save & Prosper Group♥
4, Gt. St. Helen's, Lndn., EC3P 3EP. 01-554 8899

Bal. Inv. Fd.	136.2	144.2	-0.4	—
Property Fd.*	178.4	188.8	+1.3	—
Gilt Fd.	133.3	140.9	-0.7	—
Deposit Fd†	132.3	139.3	+0.1	—
Comp. Pens. Fd.†	237.2	249.7	.....	—
Equity Pens. Fd.	195.7	206.6	+0.1	—
Prop. Pens. Fd.*	284.0	299.8	+3.4	—
Gilt Pens. Fd.	108.0	113.7	-0.6	—
Depos. Pens. Fd.†	110.3	116.2	.....	—

*Prices on July 31. †Weekly Dealings.

Schroder Life Group♥
Enterprise House, Portsmouth. 0705 27733

Equity 1		255.7	.....	—

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund
37, rue Notre-Dame, Luxembourg.

Alexander Fund	US$7.93		.....	—

Net asset value July 25.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1 Charing Cross, St. Helier, Jsy., C.I. 0534-73741

AHR Gilt Edg. Fd.	£12.68	12.70	.....	12.02

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 76077

Cap. Tst. (Jersey)	123.0	127.0	.....	7.87

Next dealing August 6.

Gov't Secs. Tst.	95.5	98.0	.....	12.76

Next dealing date August 6.

East &Intl. Tst. (CI)	102	109	.....	3.47

Next dealing date Aug. 9.

Australian Selection Fund NV
Market Opportunities, c/o Irish Young & Outhwaite, 127 Kent St., Sydney

US$1 Shares	$US1.48		.....	—

Net asset value November 24.

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.

Wldinvest Income	110.05	110.61	.....	8.36

Prices at July 26. Next sub. day August 1.

Banque Bruxelles Lambert
2, Rue De la Regence B 1000 Brussels

Renta Fund	US$59.91	61.77	+0.14	8.18

Barbican Managers (Jersey) Ltd.
P.O. Box 63, St. Helier, Jersey 0534 74806

Barb. Int. Fund	85.1	90.1	.....	5.00

Barclays Unicorn International
1, Charing Cross, St. Helier, Jersey. 0534 73741

Overseas Income	45.9	48.3	.....	12.65
Unidollar Trust	US$11.54	12.13	.....	1.66
Unibond Trust	US$98.52	99.45	-0.01	9.00

1, Thomas St., Douglas, Isle o. Man. 0624 4856

Unicorn Aust. Ext.	39.7	42.7	.....	2.10
Do. Aust. Min.	30.7	33.1	+0.9	1.80
Do. Grtr. Pacific	63.7	68.6	.....	—
Do. Intl. Income	35.5	38.2	.....	9.10
Do. Isle of Man Tst.	44.5	47.9	.....	9.60

Keyser Ullmann Ltd.
25, Milk Street, EC2V 8JE. 01-606 7070

Fonselex	Fr1,330	1,463	.....	2.40
Bondselex	116.55	122.40	.....	2.40
Central Assets	£148.58	148.64	+0.09	—

King & Shaxson Mngrs.
1, Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Gnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856

Gilt Fund (Jersey)	9.35	9.40	-0.30	11.75
Gilt Trust (I.o.M.)	108.0	110.9	.....	11.75
Gilt Fnd. Guernsey	10.01	10.06	.....	11.75

Intl. Govt. Secs. Tst.

First Sterling	£21.96	22.10	-2.0	—
First Intl.	$US239.36	240.01	-11.7	—

Kleinwort Benson Limited
20, Fenchurch St., EC3. 01-623 8000

Eurinvest	LF1,113		.....	4.31
Guernsey Inc.	65.4	69.5	.....	4.82
Do. Accum.	83.2	88.3	.....	4.82
KB Far East Fd.	US$13.27		.....	2.26
KB Gilt Fund	£11.04	11.11	.....	11.62
KB Int. Bd. Fd. Inc.	101.23		.....	8.20
KB Int. Bd. Fd. Acc.	106.67		.....	—
KB Intl. Fund	$US12.49		.....	2.24
KB Japan Fund	$US30.45		-0.03	0.98
K.B. U.S. Gwth. Fd.	US$13.77		.....	1.45
Signet Bermuda	$US5.34		+0.08	1.87

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Helier, Jersey. 0534 27561

Lloyds Tst. O'seas	51.0	53.6	.....	3.10

Next dealing August 15.

Lloyds Trust Gilt	£10.30	10.29	.....	11.75

Next dealing August 1.

Lloyds Bank International, Geneva
P.O. Box 438, 1211 Geneve 11 (Switzerland)

Lloyds Int. Growth	SF348.50	373.00	+15.90	1.30
Lloyds Int. Income	SF294.50	306.00	+1.50	5.20

M & G Group
Three Quays, Tower Hill EC3R 6BQ. 01-626 4588

Atlantic July 31	US$3.66	4.01	-0.01	—
Aus. Ex. July 25	US$2.97	3.35	.....	—
Gold Ex. Acc.	US$19.45	21.56	.....	—
Island	136.3	145.0	-0.9	4.15

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MINES—Continued

AUSTRALIAN

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
14	9	Acmex	12	....	—	—	—
14	4	ACM 20c	9	−1	—	—	—
171	100	Bougainvile 50 Toea	106	−2	Q15c	1.0	7.2
140	84	BH South 50c	93	−1	—	—	—
860	340	Central Pacific	710	−30	—	—	—
318	170	Conzinc Riouno 50c	188	+10	NQ10c	2.0	2.8
36	16	Cultus Pacific N.L.	19	.....	—	—	—
$21\frac{1}{2}$	11	Endeavour 20c	13	.....	—	—	—
98	62	G.M. Kalgoorlie $1	80	−5	ZQ3c	—	1.9
42	23	Haoma Gold N.L.	28	+1	—	—	—
210	148	Hamptn Areas 5p	185	.....	3.5	ϕ	2.7
$71\frac{1}{2}$	25	Metals Ex. 50c	33	.....	—	—	—
275	168	M.I.M. Hldgs. 50c	181	−1	†Q9c	1.7	2.6
15	15	Minefields Expl.	15	.....	—	—	—
74	30	Mount Lyell 25c	34	+2	—	—	—
44	14	Newmetal 20c	15	.....	—	—	—
141	91	North B. Hill 50c	97	+3	†Q8c	1.3	4.2
22	11	Nth. Kalgurli	17	−1	—	—	—
40	22	Nth. West Mining	26	−1	—	—	—
137	76	Oakbridge $A1	76	−3	Q12c	1.9	8.4
37	22	Oilmin N. L.	32	.....	—	—	—
120	58	Pacific Copper	82	.....	—	—	—
$£10\frac{3}{4}$	625	Pancont'l 25c	725	−25	—	—	—
$25\frac{1}{4}$	$15\frac{1}{2}$	Paringa M&Ex.5p	19	$-1\frac{1}{2}$	—	—	—
510	268	Peko-Wallsend 50c	288	−2	Q15c	3.3	2.7
340	145	Southern Pacific	270	−13	—	—	—
16	12	West Coast 25c	13	.....	—	—	—
188	121	Westn. Mining 50c	135	−1	†Q3c	0.7	1.1
11	9	Westmex	10	.....	—	—	—
65	50	Whim Creek 20c	55	.....	—	—	—
25	13	York Resources	13	.....	—	—	—

TINS

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
30	23	Amal. Nigeria	27	.....	2.81	1.3	14.9
435	265	Ayer Hitam $M1	280	.....	Q300c	0.5	23.0
72	51	Beralt Tin	52	.....	4.0	3.3	11.0
270	175	Berjuntai $M1	180	.....	†Q110c	1.0	15.0
160	125	Geevor	130	.....	8.71	3.1	9.6
$10\frac{1}{2}$	8	Gold & Base $12\frac{1}{2}$p	$8\frac{1}{2}$	.....	—	—	—
365	295	Gopeng Cons	325	.....	†18.0	1.4	7.9
370	295	Hongkong	320	.....	†12.5	2.8	5.6
98	64	Idris 10p	84xd	.....	†8.0	5.3	13.6
14	$9\frac{1}{2}$	Jantar $12\frac{1}{2}$p	11	.....	♦	—	—
95	58	Kamunting $M0.50	70	.....	†Q12.5c	2.1	3.8
620	210	Killinghall $M1	340	.....	—	—	—
465	365	Malay Dredging $M1	380	.....	†175c	0.7	1.7
57	28	ΔPanang	28	−1	—	—	—
123	60	Pengkalen 10p	110	.....	4.5	1.2	6.1
275	195	Petaling $M1	205	.....	†Q120c	1.3	12.6
85	62	Saint Piran	70	+1	†2.03	6.5	4.1
58	45	South Crofty 10p	45	.....	†4.19	2.0	13.3
230	170	South Kinta $M0.50	175	.....	†Q145c	0.6	17.8
405	285	Sthn Malayan $M1	335	.....	†Q190c	1.0	12.2
310	210	Sungei Besi $M1	255	.....	Q520c	ϕ	58.4
75	40	Supreme Corp $M1	40	.....	ZQ10c	—	5.4
105	94	Tanjong 15p	95	.....	7.5	0.7	11.3
115	90	Tongkah H. Tin	90	.....	†Q24c	0.7	6.0
280	190	Tronoh $M1	200	.....	Q25c	5.2	2.8

COPPER

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
111	56	Messina R0.50	68	−2	—	—	—

MISCELLANEOUS

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
81	54	Barymin	60	.....	—	—	—
$13\frac{1}{2}$	10	Burma Mines $17\frac{1}{2}$p	$11\frac{1}{2}$	.....	—	—	—
345	170	Cons. Murch. 10c	250	−5	ZQ30c	—	6.1
410	290	Northgate C$1	315	+5	—	—	—
362	226	R.T.Z.	260	+7	11.5	2.7	6.3
31	18	Robert Mines	24	−3	—	—	—
65	30	Sabina Inds. C$1	36	+1	—	—	—
880	525	Tara Expln. $1	550	.....	—	—	—

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
$\$17\frac{1}{2}$	$\$10\frac{1}{2}$	Buffels R1	$\$14\frac{5}{8}$	$-\frac{1}{2}$	Q200c	ϕ	17.2
$\$15\frac{1}{2}$	890c	East Drie R1	$\$12\frac{3}{8}$	$-\frac{1}{4}$	†Q115c	1.6	11.3
$\$10\frac{1}{4}$	350c	East Rand Prp. R1	975c	−25	†Q10c	—	1.2
$\$27\frac{5}{8}$	$\$18\frac{1}{4}$	F.S. Geduld 50c	$\$25\frac{1}{2}$	$-\frac{1}{4}$	†Q315c	2.4	15.0
$\$19\frac{5}{8}$	$\$11\frac{1}{8}$	Pres. Brand 50c	$\$17\frac{1}{2}$	$-\frac{1}{2}$	†Q150c	3.2	10.4
$\$28\frac{1}{4}$	$\$10\frac{1}{4}$	St. Helena R1	$\$16\frac{5}{8}$	$-\frac{1}{4}$	†Q190c	1.4	14.0
760c	407c	Stilfontein 50c	655c	−15	†Q66c	1.7	12.2
$\$35\frac{3}{4}$	$\$18\frac{1}{4}$	Vaal Reefs 50c	$\$30\frac{1}{2}$	$-1\frac{1}{4}$	†Q280c	2.7	11.7
$\$50\frac{1}{4}$	$\$28\frac{3}{4}$	West Drie R1	$45	$-\frac{1}{4}$	Q615c	ϕ	16.5
$\$36\frac{1}{2}$	$\$22\frac{3}{4}$	West Hldgs. 50c	$\$33\frac{1}{2}$	$-1\frac{1}{4}$	†Q415c	1.4	15.0
$\$18\frac{1}{2}$	$\$10\frac{1}{2}$	Western Deep R2	$\$14\frac{5}{8}$	$-\frac{1}{2}$	†Q147½c	2.1	13.1

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling or in EEC currencies are quoted inclusive of the investment dollar premium.

Δ Sterling denominated securities which include investment dollar premium
● "Tap" Stock.
* Highs and Lows marked thus have been adjusted to allow for rights issues for cash
† Interim since increased or resumed
‡ Interim since reduced, passed or deferred.
‡‡ Tax-free to non-residents on application.
ϕ Figures or report awaited
†† Unlisted security
# Price at time of suspension
§ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts
♦ Merger bid or reorganisation in progress.
♣ Not comparable
♠ Same interim: reduced final and/or reduced earnings indicated
ǂ Forecast dividend; cover on earnings updated by latest interim statement.
‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend
☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
♥ Excluding a final dividend declaration.
☆ Regional price
II No par value

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend, cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend, cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 26

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

IRISH

OPTIONS

3-month Call Rates

FINANCIAL TIMES
Wednesday August 1 1979

£600m local government cuts

BY PAUL TAYLOR AND LISA WOOD

LOCAL AUTHORITIES were told yesterday to cut planned current expenditure in 1980-81 by more than £600m—making savings of 5 per cent.

After allowing for a planned *marginal increase in local* authority expenditure next year, the cuts represent a further 1 per cent reduction in current expenditure over the 3 per cent saving the Government has asked authorities to make this current financial year.

The Government's plans were spelt out by Mr. Michael Heseltine, Environment Secretary, at a meeting with the local authority associations yesterday and will inevitably lead to further reductions in the level of services.

Mr. Heseltine told the local authorities that they should plan on the basis of a reduction of 5 per cent on the projected level of £12.136bn set out in the latest expenditure White Paper.

The full impact of the cuts on council rates next year remains unclear, partly because Government restrictions on the level and charges for services are to be eased and also because the Government has yet to decide how much of the local authority expenditure will be *financed through the rate support grant.*

Yesterday's briefing with the local authority associations dealt with spending across the board. There will be further discussions on how the cuts will affect specific services like education which accounts for 50 per cent of local authority spending.

In making the 5 per cent cut Government has selected a midway option after asking the local authorities to examine the implications of a range of possible cuts between 2.5 per cent and 7.5 per cent.

In the current year, the Government has already announced a £300m reduction in the final rate support grant settlement and has asked local authorities to make saving of 3 per cent on the level of expenditure covered by the rate support grant itself.

Mr. Heseltine said he will announce proposals in the autumn to give local authorities greater flexibility over statutory obligations to provide school *milk and meals* and to remove the restrictions on charges for other services including school transport.

In total these changes could result in savings of more than £200m in 1980/81, he said.

He is also to introduce legislation allowing local authorities to charge for planning applications—perhaps up to £100 for each application.

The relaxations on the level *of services and the charges for* services will make it easier for the local authorities to meet the spending targets. Nevertheless the announcement of the cuts brought a mixed response from the local authorities.

Mr. John Grugeon, chairman of the Association of County Council's policy committee, said it was now up to individual local authorities to decide how the cuts will be made.

He warned: "It is inevitable that there will be redundancies. There will have to be a great tightening of belts and reduction in standards."

Mr. Ian McCallum, chairman *of the Association of District* Councils, rejected Mr. Heseltine's suggestion that the quality of services is not dependent on the level of expenditure. He said the cuts would mean "changed service."

Mr. A. G. "Tag" Taylor, chairman of the Association of Metropolitan Authorities, complained that the Government had still not said whether the rate support grant would be increased this year to cover pay awards expected to be announced by the Clegg Commission today.

Rebel health group may face axe

BY PAUL TAYLOR

PLANS FOR dealing with the rebel health authority in South London which has refused to cut spending by about £5m will be announced by Mr. Patrick Jenkins, Social ***Services Secretary today.***

Mr. Jenkins met senior Department of Health and Social Security officials ***yesterday*** **to decide what action should be taken against the Lambeth, Southwark and Lewisham Area Health Authority which is defying Government attempts to keep health service spending inside cash limits.**

The Minister is thought to have already reached a decision on how he should deal with the problem he faces but yesterday deferred an announcement pending ***further legal advice.***

Lambeth, Southwark and Lewisham Area Health Authority, is one of 90 area health authorities in England and Wales which are responsible, with district management teams, for ***the day-to-***day running of the National Health Service.

On Monday night the authority voted by 19 votes to five not to cut spending to stay within Government spending limits which Mr. Jenkin has said will not be increased to cover the effect of increased value-added tax and other *price inflation.*

The authority's decision means that Mr. Jenkin faces *the difficult choice of allowing it to overspend in 1979-80*—which could open the way for other health *authorities to do the same* and thereby undermine the Government's attempts to contain public expenditure—or attempt to enforce cuts in some other way.

Under the 1977 Health Service Act the Minister has the power to dismiss the members of an area health authority and replace them with a special commissioner *in certain circumstances.*

The stand taken by the health authority won support from doctors and the British Medical Association's *Lambeth and Southwark Division* who argued that the cuts were unacceptable because of the reduction in services which would follow.

BP move increases gloom on eve of Conference

BY MARTIN DICKSON AND MICHAEL HOLMAN IN LUSAKA

NIGERIA'S decision to nationalise BP's assets intensified the gloom surrounding the Commonwealth Conference in Lusaka and seemed to diminish the chances of a compromise agreement on Rhodesia.

The move was regarded in Lusaka as deliberately timed to coincide with the formal opening of the conference today and thus serve fresh notice on Britain that Nigeria is angry with its Rhodesia policy and its Southern Africa policy in general.

There was concern that the Lagos government's announcement came shortly after a visit to Nigeria by Mr. Malcolm Fraser, the Australian Prime Minister, who has been trying to find a compromise formula to defuse the Rhodesia issue. The indications last night were that he had produced no softening in the Nigerian stance.

The Nigerian *announcement* came as Mrs. Margaret Thatcher, began a delicate series of informal consultations with key African leaders in preparation for Friday's conference debate on Rhodesia.

Accompanied by Lord Carrington, the Foreign Secretary, she was scheduled to have a private dinner with President Kenneth Kaunda of Zambia. The meeting came only two days after a fierce attack by the President on British policy over Rhodesia and Mrs. Thatcher *personally.*

Strategy

Earlier yesterday, Mrs. Thatcher and Lord Carrington held talks with President Nyerere of *Tanzania, and hope* to meet other African leaders, including the Nigerian Foreign Minister, before Friday.

President Nyerere is chairman of the five front-line *African states ranged against* Rhodesia, whose leaders held an unexpected meeting late on Monday night to co-ordinate strategy for the conference.

Under the provisional agenda for the conference, Southern African issues are not expected to be discussed in detail until Friday. This will be followed by a weekend of informal talks which Commonwealth officials hope might help produce a measure of understanding on Rhodesia.

After today's opening ceremony, *the conference will go* into a general discussion of the world political situation. It will then move on to the problems of South-East Asia, including the plight of the Vietnamese boat people.

Other issues to be discussed by the 27 Heads of Government and Ministers from 12 other countries include the world economy, Commonwealth industrial co-operation and the *development problems of the* smallest members.

Rhodesia approach 'could jeopardise Nigeria investments'

BY DAVID TONGE, DIPLOMATIC CORRESPONDENT

THE BRITISH Government has been warned by businessmen that its approach to Rhodesia could put all British investments in Nigeria "very much in jeopardy."

The warning reflects the growing concern among companies with large stakes in black Africa. On several occasions this concern has been expressed *to ministers and senior officials.*

British investments in West Africa alone are estimated at around £800m while Britain's trade with black Africa last year totalled £3.3bn, over twice the total with South Africa.

On July 4 a group of industrialists, bankers, contractors and traders involved in black Africa, and in particular in Nigeria and Ghana, met Mr. Richard Luce, the Parliamentary Undersecretary of State at the Foreign Office.

The group, which included representatives of BP, Shell, Dunlop and Barclay's International, told Mr. Luce that premature recognition of Zimbabwe-Rhodesia could lead to strong reactions from Nigeria. Its members also expressed their apprehension about Mrs. Margaret Thatcher's statement in Canberra that she did not expect the British Parliament to renew sanctions in November.

The group have since been lobbying Tory MPs while the Association of British Chambers of Commerce has also been in contact with the authorities.

The ABCC has companies involved in black Africa and Southern Africa among its members. It has stressed the need for protecting UK investments in South Africa which, including portfolio investment, are of the order of £4bn.

THE LEX COLUMN

Sterling hits an air pocket

Some of the froth boiled away from sterling yesterday, as it tumbled by around 6½ cents against the dollar and lost as much as 2.3 per cent in terms of the trade-weighted index. Sterling still managed to end well up over the month of July as a whole, but on the last day it lost half of the month's gain against the dollar. News of this sudden setback will have come as sweet music to the ears of Britain's hard-pressed exporters and the equity market has now become sufficiently attuned to the significance of the foreign exchanges to stage a modest late rally yesterday—with ICI being marked up 5p to 321p. Yesterday's CBI industrial trends survey showed the sharpest deterioration in export confidence between one survey and the next since the question was first asked in 1961.

Sterling's relapse did not help gilt-edged. however and the long tap slid further to a discount of almost 2 points at 13¼. How wise all those stags were to *have last minute doubts just a* week ago.

Index rose 3.2 to 454.2

Taylor Woodrow

The combination of an unnecessary £13m rights issue earlier this year plus a set of uninspiring 1978 profit figures has dogged the Taylor Woodrow share price in recent months. A year ago it seemed as if 1979 would be the boom year for the group. As the profits from the big Middle Eastern projects flowed in, analysts were pencilling in pre-tax profit forecasts of £30m for this year. Now it looks as if TW will be lucky to *push its profits much above last* year's £24m.

At the half way stage the group's pre-tax profits are £0.4m lower at £7.7m. Admittedly, all of this can be explained away by adverse exchange rate movements and the group emphasises that its performance has been marred by the industrial unrest and "unusually severe" weather in the UK. Nevertheless, given the near completion of the lucrative contracts in Dubai, the outturn is unexciting.

After its rapid growth a few years ago the group's order book has now reached a plateau and margins are under pressure so nobody is expecting any great improvement in the 1980 results. The interim dividend has been increased by 50 per cent (in line with the rights issue forecast) and at the current price of 352p the shares yield 5.4 per cent and sell on eight times prospective earnings.

Chrysler Corp.

The disastrous second quarter figures from Chrysler Corporation have drawn a public statement of concern from the U.S. Treasury, and one can see why. Losses so far this year amount to $260.9m, equivalent to a tenth of the shareholders' equity at the start of the period, and it looks as though losses in *the third quarter* will exceed those in the second, when Chrysler was $207.1m in the red.

On the current form, losses for the year as a whole could exceed the group's depreciation and amortisation provision by maybe $100m—and this at a time when capital and tooling expenditures could be running at $700m or more. Short term borrowings have already jumped to over $200m and unless *Chrysler can get its hands on* some more long term finance (long term debt is currently around $1bn) it could risk a violation of the working capital ratios required under its revolving credit agreement.

Chrysler's problem is that it is having to finance a major redesign of its product line at a time when it is generating very large operating losses and losing market share. For some time now it has moved into each cyclical downturn in the economy in a progressively weaker financial condition, and its ability to retain its present shape over the medium to long term remains very much open to question. All this is no news to Wall Street, which greeted yesterday's figures with resigned indifference.

Thorn

For the past four years Thorn Electrical has been in cash balance or surplus—last year liquidity improved by £27m—but the message from the annual report is that the group is now facing another bulge in capital spending on the rental side. Meanwhile returns outside TV rental are poor—the UK consumer electronics division, which is mostly retail, generates 54 per cent of the group's profits from 29 per cent of overall turnover. So the prospect is that Thorn is now entering a period of three years or so in which it will be running cash deficits of possibly £20m or £30m a year, though it starts from a position of tremendous balance sheet strength with net borrowings of no more than £37m at the end of March, compared with shareholders' funds of £420m.

The eventual impact will depend on Thorn's degree of success in bringing forward the replacement of the "hump" of early 1970s colour rental sets and in developing demand for newer up-market products like video recorders. In the near term the group's policy of heavily front end loaded depreciation will not help profits. Moreover manufacturing margins are still being squeezed in electronics and elsewhere, and the chairman Sir Richard Cave warns that there will not be any dramatic short term profit improvement. Still, the long term strength of the group remains intact.

Weather

UK TODAY

SHOWERS, heavy rain at times **London, East Anglia, S.E., Cent. S. England, Midlands,**

Rain, heavy at times. Max. 18C (64F).

N.W., E. Cent. N. England

Cloudy, outbreaks of rain in afternoon. Max. 18C (64F).

S.W. England, Wales

Hill fog. Rain, heavy in places. **Moray Firth, N.E., N.W. Scotland, Orkney and Shetland**

Cloudy, rain at times, hill fog. **Rest of Scotland, Borders, N.E. England, Lake District, Isle of Man, N. Ireland**

Showers, sunny intervals. Max. 17C (63F).

Outlook: Changeable.

Long range forecast for August

Warm, dry periods with cool and sometimes wet interludes. Generally above average temperatures.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Algiers	S	33	91	Locarno	R	22	72
Amsdm.	R	19	66	London	F	19	66
Athens	S	28	82	Los Ang.	F	29	84
Bahrain	S	36	97	Luxmbg.	C	21	70
Barclna.	S	29	84	Luxor	S	37	99
Beirut	S	27	81	Madrid	S	29	84
Belfast	R	16	61	Majorca	S	32	90
Belgrd.	S	32	90	Malaga	S	33	91
Berlin	F	24	75	Malta	S	31	88
Biarritz	C	21	70	M'chstr.	F	16	61
Bmghm.	C	17	63	Melbne.	S	11	52
Blackpl.	S	18	64	Milan	C	27	81
Bordx.	R	19	66	Montreal.	C	24	76
Boulgn.	F	16	61	Moscow	F	21	70
Bristol	R	16	61	Munich	C	22	72
Brussels	C	20	68	Nairobi	S	22	71
Budpst.	S	29	84	Naples	S	32	90
B. Aires	S	25	77	Nwcstl.	C	16	61
Cairo	S	34	93	N. York	C	28	83
Cardiff	F	16	61	Nice	F	27	81
Cas'b'ca	F	24	75	Nicosia	S	30	86
Cape T.	C	17	63	Oporto	R	18	64
Chicago	S	28	83	Oslo	C	16	61
Cologne	C	18	64	Paris	R	17	63
Cpnhgn.	C	19	66	Perth	S	15	59
Corfu	S	29	84	Prague	R	22	72
Dublin	R	17	63	Rykjvk.	S	13	55
Dbrvnk.	S	29	84	Rhodes	S	28	82
Ednbgh.	C	17	63	Rio J'o	S	25	78
Faro	S	26	79	Rome	S	31	88
Florence	F	27	80	Salzbrg.	C	23	73
Frankft.	F	22	72	S. 'cisco	F	23	73
Funchal	S	23	73	Singapr.	S	31	88
Geneva	F	25	79	Stckhm.	C	19	66
Gibrltr.	S	29	84	Strasbg.	C	24	75
Glasgow	F	15	59	Sydney	S	14	57
G'rnsey	F	17	63	Tangier	F	23	73
Helsinki	F	21	70	Tel Aviv	S	31	88
H. Kong	R	26	78	Tokyo	C	32	90
Innsbrk.	R	21	70	Toronto	F	26	79
Invrnss.	R	11	52	Tunis	S	37	99
I.o Man	F	15	59	Valencia	S	33	91
Istanbul	S	27	81	Venice	F	30	86
Jersey	F	18	64	Vienna	F	27	81
Jo'burg	S	15	59	Warsaw	C	23	73
L. Pms.	S	25	77	Zurich	F	25	77
Lisbon	C	23	73				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

Belfast shipyard cuts 630 jobs

BY OUR BELFAST CORRESPONDENT

HARLAND AND WOLFF, the Belfast shipbuilders, said last night that formal proposals for 630 redundancies from the workforce in mid-autumn had been put to shop stewards.

The proposal had been discussed by the stewards with district officials of the *Confederation of Shipbuilding and* Engineering Unions and the union has now called for a meeting with yard management.

The company has not so far put a figure on the likely level of future redundancies beyond *the 630 this autumn, but the* Confederation claimed that the 8,000 labour force would be cut by 1,800 by next March.

The Government has told the company, which is wholly owned by the Northern Ireland Department of Commerce, that public funds to cover losses in the present financial year will be limited to £22m.

Mr. Giles Shaw, the Ulster Under-Secretary, warned *management and workers a week* ago that if they could not work within this limit, then the shipyard could not continue to operate.

The present order book will be completed by late 1981 and even if new orders were won in the near future, it is clear the labour force could not remain at its present level.

Harland and Wolff's trading loss in 1978 was £21.4m against a provision of £8.6m which was deemed adequate less than a year previously. Sir Brian Morton, the chairman, said in the annual report that losses associated with completing the *current order book during 1979* and 1980 could be £9.3m greater than previously assumed.

Efficiency

The unions, which are seeking meetings with the management and Government, want the redundancies postponed for six months to enable the labour force to show that it can improve performance.

Mr. Jimmy Graham, the *Confederation secretary, said*: "While productivity and efficiency can and must be improved, we refuse to accept that all the ills of the shipyards can be laid at the feet of the labour force."

The Northern Ireland committee of the Irish Congress of Trade Unions will raise the shipyard issue today at talks with Mr. Humphrey Atkins, the Ulster Secretary, about the effect of Government spending cuts.

● The Confederation is to meet British Shipbuilders on Monday to discuss the corporation's plans for yard closures. These are expected to involve over 8,000 redundancies, out of the merchant shipbuilding workforce of 28,000.

Mr. Michael Casey, the corporation's chief executive decided to go ahead with drawing-up a detailed plan for closures after the Government announced in July that aid of £190m over two years has been guaranteed to the corporation. Further aid would depend on *performance, but the Government* did not intend to underwrite a fixed capacity for the shipyards.

Continued from Page 1

BP

other foreign companies in Nigeria, the Government said "other companies operating in Nigeria had nothing to fear as long as they continue to respect the policies of the Nigerian Government and the feelings of Nigerians, especially in the sensitive area of apartheid and obnoxious racialist policies in *Southern Africa."*

Ray Dafter, Energy Editor, writes: In recent years Nigeria has been one of the major sources of BP's crude oil supplies, along with Iran and Kuwait. Last year, for instance, BP lifted 360,000 barrels a day of Nigerian crude, some 9.4 per cent of its total supplies.

The company has also been badly hit by the production cuts in Iran; and could find it more difficult to obtain Kuwaiti oil as reports in Kuwait suggest that the country is planning to reduce its production by a quarter, from about 2m b/d to 1.5m b/d, possibly in April 1980.

BP said in London last night that it had been informed that compensation would be paid by the Nigerian Government. The company would not disclose the value of the assets concerned.

Aberdeen dockers snub TGWU

BY NICK GARNETT, LABOUR STAFF

DOCKERS AT Aberdeen refused a request from their union yesterday to stop handling food containers bound for North Sea oil rigs and platforms.

Dockers and cargo handlers at most other Scottish ports and inland distribution centres agreed to the request—from the Transport and General Workers' Union—in support of a strike over pay by offshore catering workers. But the Aberdeen dockers' decision was more significant because the port is the *main centre for shipping food* and materials to offshore installations.

The four main catering companies, which are in dispute with their workforce, said 13 of the 27 offshore installations they served were affected by the dispute.

The construction section of the Amalgamated Union of Engineering Workers yesterday reaffirmed instruction to its members not to cross picket lines mounted by the TGWU and the National Union of Seamen, which also represents catering staff.

This would normally affect up to 1,500 workers due to go out to installations in the next week. But the oil companies have flown off more than 1,500 non-essential personnel as a *result of the strike.*

The action is affecting forward construction work.

The Inter-Union Offshore Committee is expected to hold an emergency meeting today to discuss the strike, which could involve up to 1,000 catering workers. The British Airline Pilots' Association is expected to be asked not to fly relief catering crews from Aberdeen and Sunburgh in the Shetlands to offshore installations.

The seamen's union said yesterday that it was strengthening its picketing to try to prevent the organisation of relief crews.

The four catering companies appear determined not to improve their proposal of a £440 minimum rate—for four weeks, two on, two off. The unions' claim is £600.

The companies said they were still providing a service to most installations by using management and non-striking workers.

The seamen's union believes *that unless the companies alter* their position, the dispute may be prolonged.

Continued from Page 1

CBI

21 years old his month. Answers provided by companies on the outlook for future exports and on price constraints on their competitiveness abroad are the worst produced since questions were first asked on these points *early in the survey's life*—it is 21 years old this month.

In the CBI's economic situation report, also published yesterday, its regional offices stress the problems of a decline in activity and also express fears about the prospects for liquidity in the coming months.

The economic report also includes a pessimistic view on the UK current account deficit and expects only a slight improvement to *an average annual rate* of about £2bn over the next 18 months.

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